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Bankers
Association

1906

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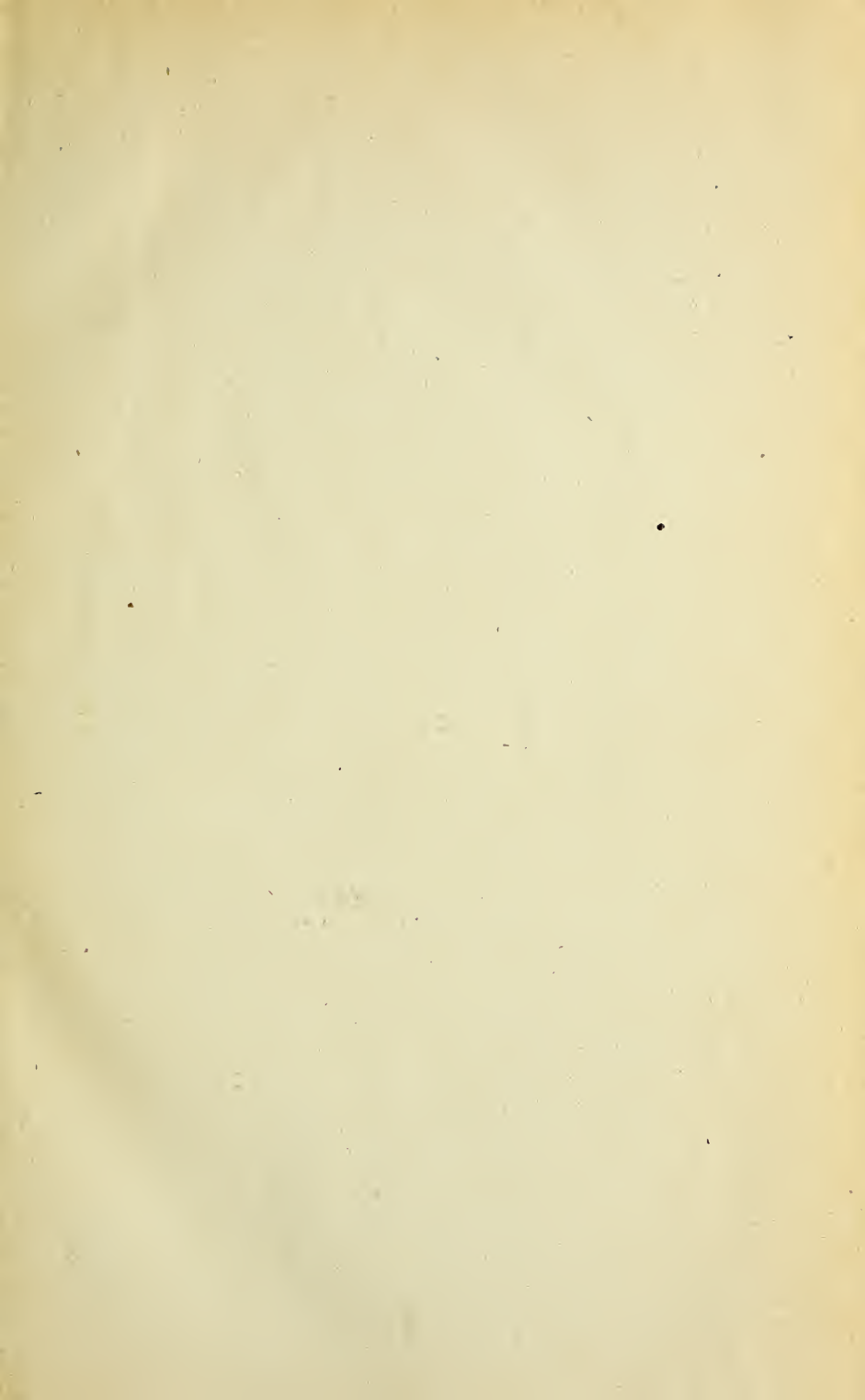


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INDIANA BANKERS ASSOCIATION.
PROCEEDINGS OF THE ...
ANNUAL CONVENTION

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SOLDIERS' AND SAILORS' MONUMENT, INDIANAPOLIS

The Indiana Bankers Association



TENTH ANNUAL CONVENTION

CLAYPOOL HOTEL, INDIANAPOLIS

NOVEMBER 14-15, 1906

THE REPORTER PUBLISHING CO.

433715

MEMBERSHIP

BANKS, BANKERS OR TRUST COMPANIES

Desiring to join this Association can do so by sending check or draft to the Secretary, payable to the order of J. C. Shirk, Treasurer, for five dollars, which will cover annual membership dues. : : :

SEE SECTION 3 OF BY-LAWS

Illustrations

Indiana Soldiers' and Sailors' Monument.

Officers 1906-1907.

Executive Council—

Members for One Year.

Members for Two Years.

Members for Three Years.

Vice-Presidents at Large.

Vice-Presidents for Congressional Districts.

Ex-Presidents.

Ex-Presidents and Ex-Treasurer.

Ex-Secretaries and Ex-Treasurers.

Officers Trust Company Section 1906-1907.

Executive Committee Trust Company Section.

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Officers 1906-1907

President	JONCE MONYHAN President Citizens Bank	Orleans
Vice-President	H. C. JOHNSON Cashier Seymour National Bank	Seymour
Ch. Ex. Council	J. R. VORIS Cashier Citizens National Bank	Bedford
Treasurer	JOHN C. SHIRK President National Brookville Bank	Brookville
Secretary	ANDREW SMITH Vice-President Capital National Bank	Indianapolis

Vice-Presidents-at-Large

CHAS. H. JOHNSON	Assistant Cashier Bank of Waveland	Waveland
D. C. MOORE	Cashier First National Bank	Greens Fork

Vice-Presidents for Congressional Districts

First District	SAM T. HESTON President Farmers Bank	Princeton
Second District	EDGAR WITCHER Cashier Martin County Bank	Shoals
Third District	HUGO C. ROTHERT Cashier Huntingburg Bank	Huntingburg
Fourth District	JOHN A. ZUCK Cashier National Branch Bank	Madison
Fifth District	I. H. C. ROYCE President Terre Haute Trust Company	Terre Haute
Sixth District	THOS. W. FLEMING President Shelby National Bank	Shelbyville
Seventh District	O. F. FRENZEL Cashier Merchants National Bank	Indianapolis
Eighth District	RALPH S. TODD Cashier Studebaker Bank	Bluffton
Ninth District	J. D. JOHNSON President Kokomo Trust Company	Kokomo
Tenth District	DELOS THOMPSON Cashier State Bank of Rensselaer	Rensselaer
Eleventh District	JOHN J. HOWARD Cashier Van Buren Bank	Van Buren
Twelfth District	J. R. McCULLOCH Cashier Hamilton National Bank	Fort Wayne
Thirteenth District	H. D. STONER Cashier Akron Exchange Bank	Akron

Members of the Executive Council

Members for One Year

W. W. BONNER	Greensburg
Cashier Third National Bank	
W. G. IRWIN	Columbus
Cashier Irwin's Bank	
GEO. H. COOPER	Greenfield
Cashier Citizens' Bank	
JAMES W. SALE	Markle
President Farmers & Merchants Bank	
W. C. THOMAS	Royal Centre
President Royal Centre Bank	

Members for Two Years

A. G. LUPTON	Hartford City
Cashier Blackford County Bank	
CHAS. H. WORDEN	Fort Wayne
Vice-President First National Bank	
W. E. SPRINGER	Elizabethtown
Cashier Farmers & Merchants Bank	
W. F. C. GOLT	Indianapolis
Cashier Columbia National Bank	
W. H. GARDNER	Valparaiso
President Farmers National Bank	

Members for Three Years

C. H. CHURCH	Muncie
Cashier Delaware County National Bank	
J. R. VORIS	Bedford
Cashier Citizens National Bank	
JOHN C. ZULAUF	Jeffersonville
President Citizens National Bank	
F. H. STARK	Rockville
Cashier Parke State Bank	
JOHN H. HOLLIDAY	Indianapolis
President Union Trust Company	

Officers 1906-1907

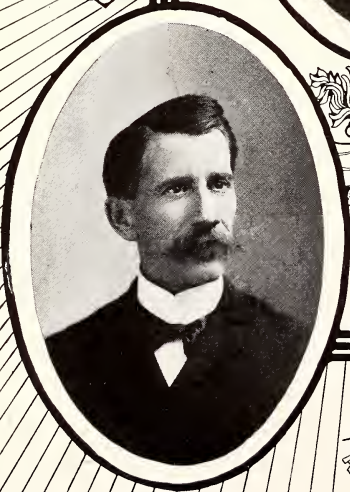
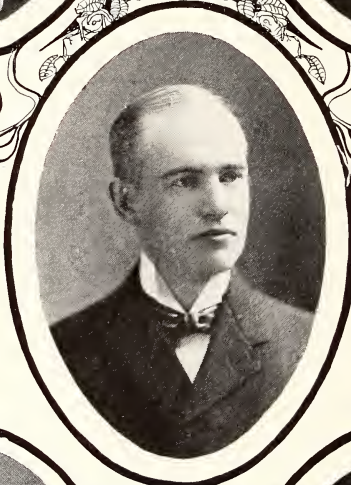
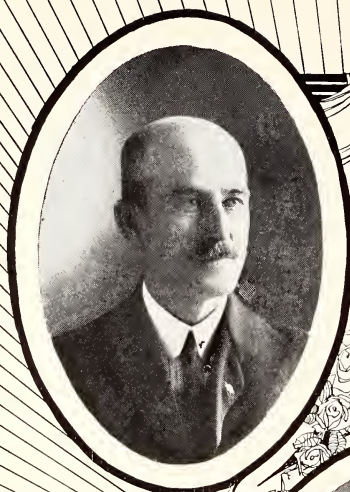
Jonce Monyhan, President, Orleans

H. C. Johnson, Vice-President, Seymour

J. R. Voris, Chairman Ex-Council, Bedford

John C. Shirk, Treasurer, Brookville

Andrew Smith, Secretary, Indianapolis



The Indiana Bankers' Association

Tenth Annual Convention

The Tenth Annual Convention of the Indiana Bankers' Association met in the Assembly Hall of the Claypool Hotel, Indianapolis, Wednesday, November 14th, 1906, at nine thirty o'clock A. M., with the President, Mr. C. H. Church, in the chair.

THE PRESIDENT: The Tenth Annual Convention of the Indiana Bankers' Association will be opened by an invocation by the Rev. Joshua Stansfield, pastor of the Meridian Street M. E. Church, of this city.

Rev. Joshua Stansfield

THE REV. JOSHUA STANSFIELD: Gentlemen, let us stand in prayer, and before we pray I wish to recite in your hearing a very familiar portion of the Scripture, the first Psalm:

"Blessed is the man that walketh not in the counsel of the ungodly, nor standeth in the way of sinners, nor sitteth in the seat of the scornful.

"But his delight is in the law of the Lord; and in his law doth he meditate day and night.

"And he shall be like a tree planted by the rivers of water, that bringeth forth his fruit in his season; his leaf also shall not wither; and whatsoever he doeth shall prosper.

"The ungodly are not so; but are like the chaff which the wind driveth away.

"Therefore the ungodly shall not stand in the judgment, nor sinners in the congregation of the righteous.

"For the Lord knoweth the way of the righteous; but the way of the ungodly shall perish."

Let us pray. O Lord, our God, the Father of all mercies, the God of all grace, the Giver of every good and perfect gift, Creator, Preserver, Sustainer, Redeemer of our lives, ye praise Thee for all Thy goodness to us, and we would acknowledge Thy kindness.

and Thy care in the manifold blessings of our lives. We praise Thee that we are in a Christian land; we thank Thee for Christian institutions; we praise Thee for Christian homes; we bless Thee for the knowledge of the truth which has come to us through Jesus Christ and the open Bible; and now, O Lord, we pray that Thou wilt help us that we may be true to all the obligations which are ours, growing out of such light and blessing, and grant that, feeling our responsibility, we may serve our generation by the will of God. We pray, O Lord, that Thou wilt bless our land and nation and grant, we pray Thee, that in all the interests of this commonwealth and the commonwealth of our land, we may have the guidance and direction of Thy spirit. May men who have been endowed of God with such powers as to make them leaders in the world of finance and of business, grant, O God, that they may be men of integrity and of a right spirit; and hear us, we pray Thee, that in so far as Thou hast intrusted to us large interests, that we may be true to our stewardship and faithful in that to which Thou hast called us. We pray that Thou wilt bless this Convention of bankers and grant that through their deliberations they may be under the influence of Thine own spirit, because we verily believe that the interests of the people can only be conserved when men are true to the movings of the Divine One in their lives. We pray that Thy blessings may rest upon these men here assembled; bless their families in their absence; keep them all in safety; and grant, we pray, that the interests of all the people may be conserved by the decisions of this body. Forgive our sins through our Lord Jesus Christ and help us day by day, living in an appreciation of Thy goodness, to walk as honest, upright children of the Father. We ask it in Christ's name. Amen.

THE PRESIDENT: We will now be favored with an address of welcome by the Hon. Charles A. Bookwalter, Mayor of Indianapolis. (Applause.)

Address of Hon. Chas. A. Bookwalter

CHARLES A. BOOKWALTER, Mayor of Indianapolis: Mr. President and gentlemen of the Convention—This is to me an unexpected pleasure. I had a substitute drafted for this work this morning, but as the engagement that I had made in the northern part of the state was canceled, it is my pleasure to be able to come here to welcome you formally on behalf of the city of Indianapolis.

I have not a very extended acquaintance among bankers. My experience has been that they are a difficult crowd to get acquainted with, at least if they have a suspicion of what you want when you come into the bank, and they have always had that suspicion of me, and have held me at arm's length across the counter.

The result is that my acquaintance has not been as extensive in that branch of business and public life as it has been in other branches.

It is the general rule in Indianapolis that the mayor of the city shall welcome conventions. I did not establish that rule. If it had been left to me to establish it, it never would have been brought into existence, because I know very well just how the people of Indianapolis feel towards those who come here as their guests and I realize that it is not necessary in their name to formally assure the visitors that they are welcome. That rule applies especially to the men who are members of this association. We are all residents of the state of Indiana, and Indianapolis owes what it is today to the other ninety-one counties in the state of Indiana. More distinctively than any other capital city that I know of, Indianapolis has been made up and recruited from the other cities and counties of the state until, I believe, it is not a rash statement to make, that Indianapolis, in its citizenship, numbers at least forty-five or fifty per cent. of ex-citizens of other cities and counties of Indiana. Then when I am asked to formally assure you that you are welcome, it occurs to me that it is as much an unnecessary duty as it would be to have some one stationed on your front porch, when you go home at night, and assure you that you will be a welcome visitor within the door. However, I am here for that duty and I wish to say to you that the people of Indianapolis are always glad indeed to receive the men who represent that one most vital factor in the business life of this city, this state and this nation—the bank.

The banker's relationship to the people with whom he does business is almost as close and as sacred as the relationship which exists between doctor and patient, or between pastor and parishioner. The doctor comes to us, of course, in the hour of affliction, and ministers to our body ills. The pastor comes to us in the hour of sorrow and ministers to us with consolation that the doctor can not give. But while the banker does not necessarily fit to a nicety either of the duties of the other two classes mentioned, the relationship which exists between the banker and those with whom he does business involves still as sacred an obligation as could possibly exist between any other two men. The banker is in a measure a nerve specialist. He deals with the most sensitive nerve that any man possesses, the pocketbook nerve. He takes the savings of all classes, and upon his honesty, upon his integrity, upon his business capacity depends not only his own success, but the dividends of his stockholders, and also depends the material welfare of every individual who steps within the bank. It is a trusteeship of the most sacred character, and about that trusteeship—although it can be said to the credit of the men engaged, that the vast percentage are

faithful to the trust—about that trusteeship it is essential that the people, through the lawmaking body, should throw all the safeguards that human foresight can provide.

I am not going to take the stand this morning in favor of one class of bankers as against another. I don't believe that the national bank is necessarily any more safe as a place of deposit than any other bank, conceded that the men who run both banks are equally honest and equally capable; but I do believe that the time has come in Indiana that all banks of whatever description shall have thrown about them the best supervisory law that the wisdom of the legislative branch of our government can provide. (Applause.)

I came to Indianapolis—and the reason that I advance the proposition that Indianapolis owes a great deal to the balance of the state is, in a measure, due to the fact that I came from elsewhere in Indiana to Indianapolis—I came to Indianapolis from a city that has never had a bank failure—a most proud record. I came to a city whose batting average on bank failures is up to that of any other city in the United States. We have all had supervision, but supervision which does not supervise, supervision which does not check or control improper banking methods, will no more keep my old home town straight, if it needs to be straightened, than bad supervision kept the home of my adoption straight, when it needed straightening. Legislation should be just and fair as between all classes of banking and the people, but legislation should be so provided that it will absolutely meet the requirements of the situation and assure the people that they are being protected by the law, so far as they can be protected, although the law cannot make a banker honest any more than it can make any other man honest; but it is an assurance to the banker himself, which amounts to a great deal, when he comes to the discharge of his own business to know that he has been conducting his affairs in such a way that he is not subject to the criticism of the supervising department.

Now I hope you will overlook my bumptiousness in advancing this proposition on a subject that I know very little about. I have been told by some of my friends—speaking doubtless in a sarcastic vein—that I make a better speech on a subject that I know nothing about than I do upon a subject upon which I am better informed, but I am only here to say, as one man dealing with the bank on the outside, I am only here to say to you that the sentiment has grown up among the great mass of the people, with whom we all come in daily contact, in favor of the most rigid control of these depositories of the funds of the people, because they are separated from the ordinary business enterprises by the sacred trust imposed upon the man who sits behind the desk and stands behind the counter.

Now you are welcome to Indianapolis. I am going to deputize the local bankers to take care of you. Your lives at home absolutely preclude the necessity of my assuring you that you will be cared for should you stray amiss. You have met for sober, thoughtful discussion and deliberation upon questions involving your business, and when men meet in that frame of mind it is unnecessary for official admonition for carefulness in their conduct. Gentlemen, you are welcome to Indianapolis. (Applause.)

THE PRESIDENT: We will now hear an address of welcome on behalf of the Indianapolis Clearing House Association by Mr. Hugh Dougherty, President of The Marion Trust Company. (Applause.)

Address of Hugh Dougherty

MR. HUGH DOUGHERTY: Mr. President and members of the Indiana State Bankers' Association—The Mayor has surrendered to you the keys of our beautiful city.

You doubtless noticed the tremor in his voice. The weird expression on his face, which portrayed a doubt in his mind as to the wisdom of committing such a rash act, but he don't know you as I do.

As a representative of the Indianapolis Clearing House Association, I extend a most cordial welcome to our Capital City, which is the largest inland railroad center in the United States, and within an hour's ride will be found the center of our country's population.

Yes, I not only welcome you to our hospitable city, but turn over the keys of the Clearing House Association, which will give you an entree into the great vaults of the association.

On behalf of the members, I most cordially invite you to call at each of the bank and trust companies, that you may know more intimately the man that you exchange business with.

It is indeed a pleasure, as well as a high honor, to be privileged to extend the hand of welcome to such a distinguished body of men as compose the Indiana State Bankers' Association. No set of men in equal numbers in this state are charged with so great a responsibility as you are, and hold such confidential relations to the people, and your past record proves that the confidence of the people has not been misplaced.

It is eminently fit and proper that you above all others of the great commercial world should meet in convention, and know each other better, and give expressions on subjects that will be for the betterment of the commercial interests of this state, and through it the country at large.

For this reason I may be permitted to slightly digress in bidding you welcome.

Prosperity with the banks, merchants and manufacturers is at high tide, yet the people seem perturbed on lines which you, as bankers, are not directly concerned, for it is not a distrust of you; but on the other hand you, as a whole, enjoy the confidence of the people to an unusual degree, as evidenced by the large increase in your deposits. But you are interested in that which may effect you in an indirect way in the future.

There never was a time that demanded more sagacity, cool judgment and dispassionate discussion of public questions than now.

There is a tendency to paternalism and concentration of police power over corporations of all kinds.

On this thought I desire to offer a word of caution not to resist this demand by the people, for they are to some extent justified in their exactions.

The present laws would be sufficient if all men were honest and fair, but with the exposures in the insurance investigations in the East, and the failures of the Real Estate Trust Company, of Philadelphia, and the Stensland Bank in Chicago, we see that all men are not honest.

These things awaken us to a keener appreciation of our responsibility in the care of the financial institutions over which we preside, as well as have laws to safeguard those in whom as our patrons we are concerned, and to make it our duty to not only give a moral but an energetic support to the movement for better protection to the people.

Many corporations through an improper and intemperate use of power and missappropriations have stirred the people to action, and there will be legislation by the Congress and Legislatures that will work a hardship on some business interests under corporate control.

These hardships must be borne that the people may receive justice from their servants, the corporations.

The people elect congressmen and legislators that laws may be enacted which will permit a number of men to form a corporation that of necessity must do a large business. This gives men of small means an opportunity to combine in this way to enter into and carry through great enterprises, such as building railroads, manufacturing, merchandising and banking, and without this the progress in the development of this country would have been retarded, and the present generation have passed without enjoying many of the blessings that were intended for them.

The concentration of capital through these organizations has given to them greater earning power, hence the tendency to incor-

Executive Council

Members For One Year

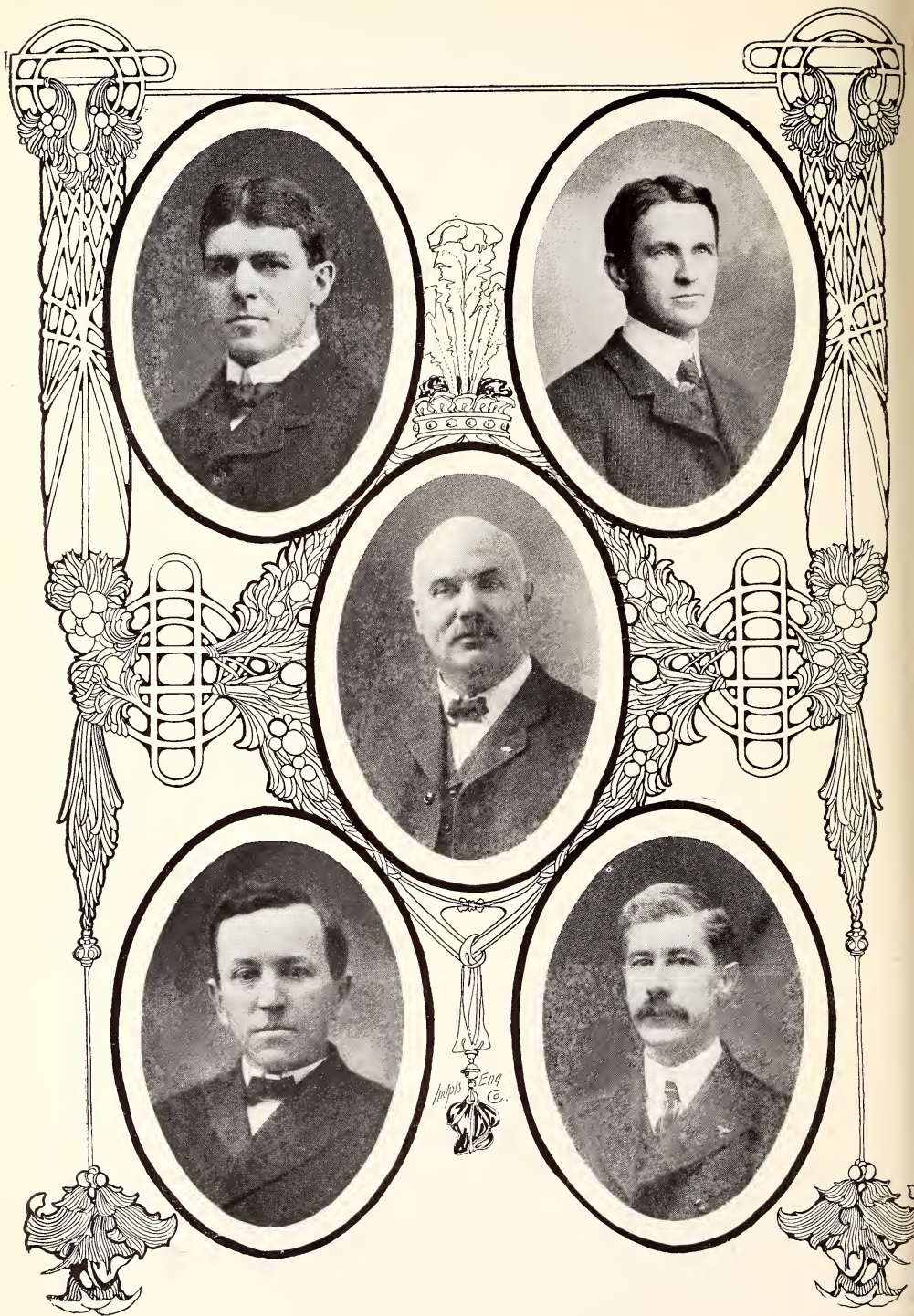
W. G. Irwin, Columbus

W. W. Bonner, Greensburg

Geo. H. Cooper, Greenfield

W. C. Thomas, Royal Centre

Jas. W. Sale, Markle



porate on all lines, because the individual sees great profit to himself in these combinations. He becomes a prey to the brighter and more energetic, who are the heads of these concerns, and with that power the heads frequently use the force and influence of all his stockholders to take advantage of the competitor, and when he has overcome the opposition to his business, he sets out to take advantage of his partners in the corporation and frequently succeeds. This has produced the Rockefellers, Morgans, Carnegies, and thousands of others, differing only in magnitude, hence all are not fair.

These conditions are intoxicating to the young man, who is lacking in judgment and discretion, and leads him into daring speculations, and he offers all kinds of schemes under corporation laws for money making, but success in this kind of fortune building only comes comparatively to a few. Therefore, down the thoroughfare of progress are strewn the wrecks and destruction of the young and ambitious because of laws that are too lax in their provisions.

It is the newspaper accounts of those who become multi-millionaires by these methods that has awakened the people to the danger of mammoth fortunes in the hands of men who practice such methods, and we are shocked at expressions coming from such men as Hon. R. S. Taylor, of Ft. Wayne, when he said: "I could see the government take over three-quarters of the estate of every dead millionaire without a tremor. And why not? The man did not create his million dollars." Such an expression from a man who stands at the head of the bar of this state, and who has been a most sagacious and fair-minded man, is appalling and far-reaching in its effect.

This is not the expression of Bob Taylor of twenty years ago, but it is these conditions that call out such socialistic, ah, dare I say it, anarchistic declarations, of the Judge Taylor of today.

The people are the masters, and the awakening of the public mind to the unfaithfulness of their servants in Congress and the Legislatures in granting unfair and unjust privileges to corporations, will only display our humanity when the demand is made for laws that will protect the producers of wealth, and in their exactions fail to stop at the point of complete justice to all; and some may suffer, but I have an abiding faith in the intelligence and patriotism of the American people, and shall feel secure in the conviction that the sober second thought of our citizens will always throw a conserving influence around those whom it places in positions of trust and responsibility.

We should, as bankers, treat these matters in a manner that will throw our influence and efforts on the side of justice, and right and within conservative lines.

I again bid you welcome to our city, our offices and our homes, and hope that your short stay among us will be an occasion of pleasant memories in the future. (Applause.)

THE PRESIDENT: The response to the address of welcome of Mr. Dougherty will be made by Mr. Walter W. Bonner, cashier of the Third National Bank, of Greensburg. (Applause.)

Address of Walter W. Bonner

MR. WALTER W. BONNER, Greensburg: Mr. President, I came to represent the bankers in response to the addresses of welcome to which we have listened, and while the bankers are here in town, I see that they have been willing to trust this matter to me, for they are not here in very strong numbers themselves.

I am glad to acknowledge the welcome on behalf of the city, and of the Clearing House Association of Indianapolis, so happily expressed by their representatives. The honorable Mayor said that it was not necessary to welcome us; that we belonged here; and we do feel at home; but all the same, the brightest moment in the day in my life is when I go to my home and cross the threshold there—as the honorable Mayor spoke of—and my wife and daughter welcome me. I am glad to have them do it, and so we appreciate his welcome and we are glad to have him say that we are welcome. We know we are, too, but we are glad to have him say it, and we thank him for saying it. Indianapolis is a great city and is growing at a wonderful rate. A few days ago I had the pleasure of showing a gentleman from Virginia something of the city. Our time was necessarily short, but I was able to show him some of the banks and residences and stores, and I went with him up to the top of that beautiful monument and looked out over the city and I was impressed as never before with the beauties of Indianapolis. In no particular has she made more rapid growth than in her banking facilities. It has only been a few years since Indianapolis became a reserve city. Before that she was a good town, but now with her great national, state and private banks, her trust companies and her savings banks, her brokers and her stock exchange and clearing house association, she has indeed become a city, and so we regard it as a great privilege to meet here and discuss plans for the betterment of ourselves as bankers and as citizens of our great state. In these days of so much discussion of civic righteousness, no class has a higher idea of good citizenship than the bankers, and I believe that no class exerts a greater influence for good than they. The president of the Clearing House Association dwelt somewhat on the responsibilities of the bankers, and he is right. There is nothing that tends to elevate a man so much as responsibility,

and the moment you place a man behind the counter of the bank he is impressed as never before with his responsibility to the community in which he resides. I want to say that the mere fact of the knowledge that he is intrusted with the working capital and surplus of his neighbors gives him a greater idea of his duty as a good citizen, and it places a greater responsibility upon any man. Grant, at Fort Donelson, was not the Grant of Appomattox; Roosevelt, the police commissioner of New York city was not the Roosevelt, the great President of the United States. The growth and development of those men were the natural result of the great responsibilities thrust upon them, and as the days go by, we, too, feel our ideas of our duties as good citizens broaden and heighten and our hearts thrill with the determination to wield a greater influence for good and to seek a higher standard of living for ourselves. God grant that we may live up to our own ideals. (Applause.)

THE PRESIDENT: I notice that our vice-president, Mr. Jonce Monyhan, is present in the audience, and I would be glad if he would come forward and have a seat on the platform. (Applause.)

Address of the President

PRESIDENT CHURCH: Gentlemen and members of the Indiana Bankers' Association—Congratulations are in order; first, to see so many familiar faces before me; next, on our general prosperity as an association during the past year, evidenced by our large and apparently enthusiastic attendance; then on our general prosperity as bankers, evidenced by the fact that not a single bank failure has occurred in this state since our last association meeting, a record showing Indiana has not only sound banks but also sound bankers as managers, a record we hope will continue during the existence of the banking system.

It pleases me, in behalf of the association, to extend a cordial welcome to new members, who are represented here for the first time, as well as to welcome so many guests from other states who are favoring us with their presence, and to assure them our efforts will be to make their visit both pleasant and profitable.

We are pleased to report that during the past year Indiana has had an unusual addition to her banking interests, some twenty-five new banks and trust companies have been organized, with a gratifying increase in capital and resources. The total number of all classes is 720, classified as follows:

National, 220; state, 200, private, 228; trust and savings, 72; with total resources of \$302,000,000; total deposits, \$225,000,000; capital and profit, \$61,000,000; all in a prosperous and healthy condition, and with every prospect of a continuance.

Let us as members endeavor, with a united effort during the coming year, to bring them all into membership with this association, if possible.

The American people are today confronted with the problem of universal prosperity. Our industrial and agricultural interests have developed and expanded in all directions with increased values. Commercial resources have progressed so extensively that the aggregate is astonishing, yet we seem to have made no additional provision in our financial system, for this extraordinary increase in business activity, and its increased requirements. We may some day, like an extended manufacturer or merchant, be placed in a precarious condition, simply for want of working capital.

While we have the most active and accommodating banking system of any country, better controlled and supervised, for the protection of the people, by both federal and state governments, and our American bankers are earnestly striving for higher ideals in banking, yet with all these advantages we are being constantly jeopardized for the want of proper and reasonable legislation concerning our circulating medium, in order to meet the requirements of our continually increasing commercial demands, and for the want of it our business interests may become altogether paralyzed.

The subject of currency reform is attracting considerable discussion in the press and from the associations holding meetings in advance of ours; and I will briefly call attention to the several features involved.

The present bank act, under which the national banks are acting, was passed some forty-five years ago, and since then has had but few amendments, and today seems to be inadequate in many respects for our present methods of business, and I would recommend modifications in the following sections:

The limitation of currency privileges.

The reserve requirements.

The redemption privilege.

The consideration of national currency as lawful reserve.

Bonds applicable for circulation.

We all concur that it has provided a circulating medium so satisfactory, and the public receive it with such confidence, that it seems necessary to perpetuate that part of the system, and we can only expect to modify it to the extent of providing a system for use in emergencies, and having the desired elasticity, our efforts should be to keep it as closely identified with the present currency as possible, and have it accomplish the purpose. The subject has been canvassed for some time, and has developed a diversity of opinion to the extent that no plan was adopted for recommendation at the A. B. A. recently held in St. Louis, the question having again been referred to a commission now in session at Washington.

Our association was invited to send a special delegate to a conference in St. Louis held prior to their convention and Mr. Myron Campbell, cashier of the South Bend National Bank, was selected as such delegate to represent us at the conference, which was composed of delegates from all the state associations and a committee from the New York Clearing House. It is expected that Mr. Campbell will later make a detailed report to this convention.

It is hoped that the new commission may present a practical solution of the subject with a bill to be placed before our next Congress, for unless the bankers are able to agree on a proper plan no legislation can be expected.

Several plans have been proposed and discussed, but no single plan has so far contained provisions practical for all sections of the country.

The reserve cities almost unanimously favor the clearance currency plan as applicable to their interest, and, having clearing house privileges, they can readily accommodate themselves to its provisions.

The country bankers desire something more suitable to their conditions; as they are not generally within reach of clearing house membership, an emergency currency plan would be far more practical, and my theory is that clearance currency, secured by assets and emergency currency, with bond security, combined in one bill, leaving it optional with the bank to select the one they desire to operate under, according to their location and conditions, would about solve the problem, and be acceptable to a large majority of bankers. This proposition seems to be practical and probably would avoid further contention or opposition as the two plans above mentioned would provide an available system for all sections.

Bank Reserves.—The reserve features of the present act do not apply in a practical manner to our present methods of business. To illustrate. A deposit made in a country bank and by them deposited in our interior reserve city, by them in another reserve city, and thence to New York has the reserve applied to the same deposit several times repeatedly.

Again, statistics show we have an aggregate of thirteen billions of deposits in the various financial institutions of the United States. Now, how much of this vast sum is duplicated or triplicated in the usual course of our business transactions is indefinite, but it is probably safe to estimate at least one-third is counted two or three times over, so that the aggregate of our actual deposits would, on this basis, be reduced from thirteen to eight or nine billions. According to this method of duplicating deposits the reserve now carried is about one-third in excess of the actual requirements as the law originally intended.

An amendment, placing the reserve required for all banks at 15 per cent., would be conservative, as this ratio with the duplication of deposits mentioned would probably equal fully 25 per cent. on the actual deposits.

A minimum amount of reserve is practically sustained by every bank according to the activity and necessities of their business, which would probably equal any reasonable reserve requirement.

Lawful Reserve.—National bank currency has never yet had the consideration it deserves. It serves all the purposes in circulation of any other medium, except the legal tender feature, and if it cannot have that proviso, let it be considered and counted as any part of the lawful reserve required, and it would be proper that no distinction or limitation be made with any of our present or future circulating mediums; and let it all be designated lawful reserve, excepting the minor coins.

Redemption of National Currency.—Another objectionable feature is the redemption privilege, now limited to three millions monthly, with banks filing their applications for this privilege months ahead.

We are informed that in August last, when it was determined that our extensive crops were assured, and it was expected that there would be an unusual demand for funds to "move the crops," that applications for currency redemption were registered for not only August, but also three months in advance, a total of twelve millions, which was certainly an unusual proceeding with the interest rate for money ranging from 6 to 15 per cent. There can be only one conclusion for such a movement: either speculation on the rate of interest, or on the bonds to be released by such redemption.

This speculative propensity can be disposed of by confining the redemption to mutilated bank notes, or to banks in liquidation, and requiring all national banks to maintain their circulation to the maximum of their capital and thereby providing an increased national note circulation of some three hundred millions, an item by the way which might be advantageous in contributing somewhat to the relief of money centers in contingencies like "crop moving," which we all hear so much about, and to which event high officials of the government are continually invited to contribute.

Evidently, gentlemen, this section requires special reform, and my contention is, there is absolutely no reasonable excuse for this continual monthly redemption, except for manipulating purposes, for the reason that there is a good profit in circulation even on a four per cent. basis, and if the full quota of circulation that banks are entitled to is regularly maintained, we are contributing to a permanency of our present circulating medium, that will be

beneficial to our extended business interests and will assist materially in solving the currency problem.

Circulation.—An amendment to the National Bank Act would also meet with favor permitting the deposit of state and municipal bonds as a basis for circulation, including any issue of emergency currency, these bonds to be approved by the Secretary of the Treasury, and under such restrictions as may be considered proper.

This arrangement would likely be advantageous in providing bonds earning a larger revenue and tend to decrease the speculative premium on government bonds.

Bank Insurance.—Are the banks ready for it? Are the people demanding it? Is the time propitious?

Only the prosperity of the present day prevents each question being answered in the affirmative. While today we approach closely to making deposits in banks certain and safe, yet it seems reasonable that the time is not far distant when the final steps will be taken to make them absolutely secure. Numerous meritorious co-operative plans have been proposed, without meeting with the required support; chiefly because of the competitive feature, which pervades the whole banking business, equal to the competition displayed in any branch of the mercantile world. The theory of assisting to place a competitor on equal terms in this aggressive age will not be entertained. He must provide other ways and means to accomplish the ascendancy without the assistance of his more prosperous antagonist.

Insurance of deposits is strictly a banking question, and a problem which the bankers must solve for themselves, as when demanded by his depositor, and the opportunity offers he will be obliged to furnish the insurance, or be content with decreased business.

The only desirable and available method is the system now applied to fire and life indemnity by an independent guarantee company, with large capital, and a rate based on losses of preceding years, with sufficient provision for estimated expense, losses and a substantial profit to stockholders. This proposition would contemplate the company becoming a partner with the bank insured as far as bank's assets are concerned, making it necessary to maintain examinations and supervision along partnership lines to protect alike the stockholders and the company's interests, the depositor having a guarantee to the extent of both the bank and the company's resources.

With this guarantee and satisfaction of ultimate payment it should relieve the depositor of any anxiety or distrust; confidence would be maintained and runs and panics practically done away with.

In this connection we may mention that since the two recent heavy bank failures the subject of postal savings banks has been favorably discussed, and the system has many supporters, as it is successful in countries where already adopted and in use.

It is a serious question if the United States should go into the banking business as extensively as this movement would imply in this country, as it must necessarily involve a large expense, and it is doubtful if the large accumulations could be used to such an advantage as to provide for even a low rate of interest. Banks today accumulate large sums which can only be utilized through commercial business to meet expenses and the interest now paid to depositors, and this class of business could not be considered under the postal system. It would also tend to retire from circulation large sums required for use, and materially injure our commercial interests. This movement is the result of distrust and fear among small depositors, and might be entirely obliterated by a practical system of adequate bank insurance.

In my talk this morning the theme has been principally on reform of national bank laws, and methods pertaining thereto, leaving our friends, the state and private bankers, apparently neglected, indicating that they are so good now that no reform is necessary among that class of the fraternity. As they are practically all in line and presumably satisfied, we will leave them with that impression, only suggesting that they are equally interested with us in providing a circulating medium, safe and sound and in sufficient quantity, and to that end their co-operation is confidently expected.

I desire to express the appreciation and approval of the efforts of our efficient secretary, Mr. Andrew Smith, in his endeavor to promote the interests of the association, and on whom so much depends for the actual details of the convention work. Also, to our treasurer, Mr. DeHority, for his co-operation, and for assistance rendered by all the committees during the current year.

Gentlemen, I have probably already exhausted your patience on theories that may never develop, but I regard it as important that the business sentiment of the country should be fully aroused on this subject, as the practical business man is to be largely benefited, and its his efforts and influence we require in providing a servicable currency reform, surrounded with such restrictions as public safety requires.

I thank you for your attention. (Applause.)

THE PRESIDENT: Next on the program is the report of the Secretary. We will now hear that report.

Mr. Andrew Smith, Secretary of the Association, read to the Convention his annual report, as follows:

REPORT OF SECRETARY.

To the President and Members of Indiana Bankers' Association:

Gentlemen:—I beg to submit herewith my report as Secretary of our Association.

At present there are 720 banking institutions in our state, of whom 502 are members of our Association in good standing, twenty-five new members having been added during the year. We have lost some few members, through resignations and failure to pay their dues. A vigorous campaign is to be made for new members the coming year and it is hoped that we will be able to identify with our Association a large part of the banks still outside the Association.

We have on our program this year several important subjects for discussion, among them the cleaning of time locks, a protection committee, the group system and the uniform negotiable instruments law.

We are anxious to bring our Association into the front rank of live, up-to-date associations, and to make our Association so valuable to the bankers of Indiana that not one bank can afford to be outside the Association. Other progressive associations have had the subjects mentioned up for discussion, and several of them have adopted the proposition of having their time locks cleaned by some responsible company, thereby saving the banks of their association several dollars per year.

The question of protection for our members from burglars, forgers, etc., is a subject that is important. Your Secretary has been asked by several members of our Association for assistance when they have suffered losses, but there was no fund upon which to draw. It is hoped that the Association will take up this question. If the members of the Association would agree to place their fidelity and burglary insurance through the secretary's office, quite a sum could be realized which would be available for the use of the protection committee. The group system was adopted by the Illinois bankers at their recent convention in Springfield. It is working splendidly in other states, notably, Missouri, where they have a membership in their bankers' association of 1,025 out of a possible 1,075. It is confidently expected that the uniform negotiable instruments law will be passed at the coming session of our Legislature.

This is a most important measure, and we sincerely hope that our members will use their best endeavor to have it become a law. Our banks have been unusually prosperous the past year, and we are most happy to be able to say that not a failure has come to our attention since our last Convention. Indications point to the largest attendance on this Convention of any in our history, for

which I wish to thank our officers generally, who have extended to the Secretary during the past year uniform kindness and courtesy and who have assisted generously in the good work whenever called upon to do so.

Respectfully submitted,

ANDREW SMITH, *Secretary*.

THE PRESIDENT: Next in order is the report of the Treasurer.

Mr. J. A. DeHority, Treasurer of the Association, read to the Convention his report, as follows:

REPORT OF TREASURER.

ELWOOD, IND., Nov. 14, 1906.

To the President and Members of Indiana Bankers' Association:

Gentlemen—I beg to submit herewith my report as Treasurer of our Association for the year, and also again express to you my thanks and appreciation for having been selected as your Treasurer, and for the able support of our worthy and efficient Secretary, Mr. Andrew Smith, and the prompt response of the members to all communications.

RECEIPTS.

By cash received from H. K. Scott, Treasurer.....	\$ 798.73
By annual dues as shown by Treasurer's cash book submitted herewith:	
38 Members paid dues to H. K. Scott, Treasurer, to September 1st, 1906, and included in his annual report.	
8 New members' dues to Sept. 1st, 1906.....	\$ 40.00
439 Old members' dues to Sept. 1st, 1906.....	2,195.00
17 New members' dues to Sept. 1st, 1907.....	85.00
31 Old members' dues to Sept. 1st, 1907.....	155.00
Total receipts from members.....	\$2,475.00
Received from Andrew Smith, Secretary, for advertising in proceedings of 1905.....	710.00
Total receipts for year.....	\$3,983.73

DISBURSEMENTS

Nov. 10, 1905	Expenses 1905 Convention.....	\$ 883.95
" 28, "	Treasurer, for postage.....	3.00
" 29, "	Secretary, for postage.....	20.00
Dec. 2, "	Treasurer, for receipts.....	3.25
" " "	Treasurer, for postage.....	3.00
" " "	Garber and Carpenter.....	60.25
" 5 "	Treasurer, for postage.....	2.00
" " "	H. E. Smith, signs.....	40.00
" 8 "	Wm. Livingstone, expenses.....	22.00
" 11 "	Cheltenham Press, printing.....	108.50
Jan. 10, 1906	Banking and Mercantile World.....	5.00
" 15 "	Elwood Call	1.75
" " "	Cheltenham Press	4.95
" " "	Cheltenham Press	50.50

Feb. 28	"	Treasurer, for ledger.....	.75
Mar. 9	"	Indianapolis Eng. & Electrotype Co.....	125.00
" 27	"	Secretary, for postage.....	10.00
April 18	"	Secretary, for postage.....	91.32
" 23	"	Reporter Publishing Co., proceedings.....	457.25
May 3	"	Flowers for F. L. Powell's funeral.....	15.00
" 7	"	Secretary, for postage.....	5.00
" "	"	Harrington & Folger, printing.....	.85
" 10	"	Treasurer, for postage.....	1.00
June 1	"	Secretary, part salary.....	300.00
July 13	"	J. R. Voris (Ex. Council meeting).....	5.65
" "	"	W. C. Thomas " " ".....	3.65
" "	"	W. S. Worden " " ".....	8.85
" "	"	W. E. Springer " " ".....	2.75
" "	"	H. C. Johnson " " ".....	4.75
" "	"	Jas. W. Sale " " ".....	4.25
" "	"	Treasurer, for postage.....	1.00
" 27	"	Secretary, for postage.....	10.00
Aug. 2	"	Harrington & Folger.....	8.50
" 15	"	Secretary, for postage.....	10.00
" 22	"	Harrington & Folger.....	3.50
Sept. 10	"	Whitehead & Hoag Co.....	132.75
" 29	"	Whitehead & Hoag Co.....	99.80
Oct. 10	"	Harrington & Folger.....	17.75
" 27	"	Secretary, balance salary.....	182.00
" "	"	Secretary, for telegraph and express charges..	2.28
" 28	"	Whitehead & Hoag Co.....	50.00
" "	"	Treasurer, for postage.....	2.00
Nov. 5	"	G. L. Payne, secretary Trust Co. section.....	6.99
" 9	"	Harrington & Folger.....	7.15
" "	"	Secretary, for postage.....	20.00
" 10	"	Harrington & Folger.....	3.00
" "	"	Harrington & Folger.....	1.65
" "	"	Harrington & Folger.....	45.00
Total disbursements			\$2,847.59
Balance cash on hand.....			1,136.14

 \$3,983.73

Respectfully submitted,
 JOS. A. DEHORITY, *Treasurer.*

THE PRESIDENT: Gentlemen, what is your pleasure with reference to these reports?

MR. JONCE MONYHAN, Orleans: Mr. President, I move the adoption of the reports.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: Next in order is the reports of the vice-presidents for congressional districts.

The vice-president for the First district is Mr. J. O. Davis, cashier of the First National Bank, of Petersburg. If Mr. Davis is here we will hear from him.

REPORT FROM FIRST CONGRESSIONAL DISTRICT.

PETERSBURG, IND., Nov. 13, 1906.

Mr. President and Gentlemen of the Convention:

Reports from various points in the First District show that business conditions are exceptionally good, in fact, it is doubtful if the district ever was in a better financial condition than at the present time.

The farmer has had the benefit of a splendid corn and wheat crop and the corn prospect for this year is very good. Prices on all products of the farm have been exceptionally good, especially hogs.

With few exceptions the factories of the district are running full time and the employes are receiving good wages; the labor conditions are very favorable.

The coal mines of the district are running full time and the output is large.

The banks, owing to the general prosperity, could not help but make a brave showing. Deposits were never higher and there is a good demand for money at fair rates.

It would seem that if some law could be passed enabling the small bank to take care of some of the good mortgage loans to be found in every community conditions in the First District would approach the ideal.

Very respectfully,

JOHN O. DAVIS, *Vice-President.*

THE PRESIDENT: The report from the Second District will be made by Mr. E. P. Moore, vice-president for that district. If Mr. Moore is present, we will receive his report.

THE SECRETARY: I have the report from Mr. Moore, vice-president of the Second District, which reads as follows:

REPORT FROM THE SECOND CONGRESSIONAL DISTRICT.

MITCHELL, IND., Nov. 14, 1906.

Mr. President and Gentlemen of the Convention:

Permit me to say that the Second District is prospering abundantly by reason of good crops and the immense output of natural and manufactured products. No portion of Indiana is more fortunate in the variety of its resources. The farms, the stone quarries, the stone and cement mills, the glass factories, the wood-working plants, and the coal mines of the district have produced amazingly this year, and the demand for her finished products is much and surprisingly in excess of the producing capacity,

which proves a most healthy condition. The many miles of macadam roads built this year and now contracted for is pleasing evidence of the closeness of relationship between farmer and townsman. I have to say that the Second District is producing largely in excess of its consumption, which means a large balance of trade in its favor, and this has gone into the improvement of the farm, the improvement of and construction of homes and mercantile accommodations, the extension of mills, and the enlargement of bank deposits.

Respectfully submitted,
E. P. MOORE, *Vice-President*.

THE PRESIDENT: We will next hear from the vice-president for the Third District, Mr. Clyde Keach, cashier of the Crothersville State Bank. Mr. Keach does not seem to be present and we will pass to the report for the Fourth District. Mr. Charles C. Shaw, cashier of the Vevay Deposit Bank, is the vice-president for the Fourth District. Is Mr. Shaw present?

THE SECRETARY: I also have Mr. Shaw's report, which is as follows:

REPORT FROM THE FOURTH CONGRESSIONAL DISTRICT.

VEVAY, IND., Nov. 14, 1906.

Mr. President and Gentlemen of the Convention:

The Fourth Congressional District respectfully submits the following report:

During the past year six new banks have been organized in the district. There has not been a failure during the year. Business has been unusually good all over the district, and we believe the banks are all making money.

On an average the crops have been bountiful this season, and prices have been good for all farm products. Live stock has brought unusually good prices. Manufacturers in every line have had a good demand for their output, and merchants generally have had a large and healthy trade. The outcome of all this cannot help but reflect itself in a heavy increase in the deposits of the various banks throughout the district, while at the same time the demand for money has been good, and at fair living rates. Judging from all we can learn and from all appearances, we are compelled to report everything in good condition and prosperity the rule of the hour in the Fourth District.

Respectfully submitted,
CHAS. C. SHAW, *Vice-President*.

THE PRESIDENT: We will next hear from the Fifth District. F. H. Nichols, cashier of the Rockville National Bank, vice-president.

THE SECRETARY: I have Mr. Nichols' report, which is as follows:

REPORT FROM THE FIFTH CONGRESSIONAL DISTRICT

ROCKVILLE, IND., Nov. 14, 1906.

Mr. President and Members of the Indiana Bankers' Association:

It affords me great pleasure in reporting the Fifth Congressional District, comprising the counties of Clay, Hendricks, Morgan, Vigo, Vermillion and Parke, in a prosperous condition.

We have had very good crops of all kinds and the products bring good prices, most of our coal mines are now running full time and have no trouble in disposing of their entire output even at better prices than a year ago.

The clay and shale industries are operating at their fullest capacity, quite a number of the older plants being enlarged and several new ones constructed.

Factories and manufacturing establishments of all kinds throughout the district seem to have orders for about all they can take care of.

The banks and trust companies are all doing more business than a year ago and the indications are bright for a continuation of another prosperous year.

Respectfully submitted,

F. H. NICHOLS, *Vice-President.*

THE PRESIDENT: We will next receive the report of Vice-President John C. Shirk, of the Sixth Congressional District.

THE SECRETARY: I have Mr. Shirk's report, which is as follows:

REPORT FROM THE SIXTH CONGRESSIONAL DISTRICT

BROOKVILLE, IND., Nov. 14, 1906.

Mr. President and Gentlemen of the Convention:

During the past few months I have been over the greater part of the Sixth Congressional District. Also, I have written to every bank in the district.

Everywhere there are evidences of great prosperity. The factories are all in full operation. The farmers have had the largest wheat crop ever harvested, and are now harvesting a bountiful crop of corn. And there is an abundance of apples and other fruits.

Labor is everywhere employed at good wages. In fact, the farmers complain it is hard to secure help to harvest their crops. Prices of all farm products are good, and the farmers have more money than ever before. This means that bank deposits are large; larger than ever before. For, while we have many large manufacturing industries in this district, it is on the farmers that we depend largely for our deposits.

With this unprecedented prosperity our people are not afraid to go in debt, and the demand for money is good. With increased deposits the banks report increased loans and better rates of interest than a year ago.

In times of great prosperity it is well for us to remember that financial depression is as sure to follow as that a depression will follow a wave on the ocean.

In these times of great prosperity let us remember that it is the conservative banker who can with least difficulty steer his bank through times of financial depression.

Respectfully submitted,

JOHN C. SHIRK, *Vice-President.*

THE PRESIDENT:—We will next hear the report from the Seventh District, Mr. Henry Eitel, vice-president of the Indiana National Bank. If Mr. Eitel is present, we will be glad to hear from him.

REPORT OF SEVENTH CONGRESSIONAL DISTRICT.

MR. HENRY EITEL, Indianapolis:

To the President and Members of Indiana Bankers' Association:

The Seventh District has nothing to complain of. The crops the past year have been most excellent and have brought high prices. Manufacturers have been unusually busy, many working overtime to fill their orders. The greatest difficulty has been to obtain raw material and men with which to operate. Building operations have been very active and have not been exceeded in any one year in the past. Real estate has sold freely on a rising market and much property has changed hands at figures never before attained. Trade channels have been at full tide with prices of all commodities at their maximum. In consequence, the manufacturing and mercantile community have been free borrowers. The banks have enjoyed a prosperous year, deposits have been at their highest level, as have also the loans. In consequence of such excellent demand for money, the rates have been stiffer than for many years. Profits have been most gratifying and remunerative.

The Seventh District has seven national banks, seven trust companies, an increase of one, three state banks, an increase of two,

and one private bank. A glance will show the immense progress of our financial situation. Fifteen years ago we had but five national banks, with less than \$15,000,000 totals. The totals of the seven national banks now exceed \$50,000,000. Then we had no trust companies; today our seven trust companies have about \$25,000,000 in totals. Fifteen years ago our assessment for taxes was less than \$100,000,000; today the Seventh District pays taxes on over \$150,000,000, with actual values of \$250,000,000. Truly a wonderful growth in our financial resources, and the outcome of the prosperity enjoyed by us during the past six or seven years. One of our banks has recently moved into its new home, handsome, elegant and complete in all its appointments. Another has purchased ground and is about to erect commodious quarters for its own use. I therefore repeat: the Seventh District has nothing to complain of.

During the past year one of your honored ex-Presidents, the former president of the Capital National Bank, drew his last check, but I am persuaded that his account was not overdrawn in the bank on high, when there passed away from our midst our beloved friend and fellow banker, Frank L. Powell, a man of honor and of integrity, a worthy and fair-minded competitor, a man we all loved for his sterling traits of character. We will not say, "He is dead," but "just away."

Respectfully submitted,

HENRY EITEL, *Vice-President.*

THE PRESIDENT: The Eighth District comes next, George L. Hoover, cashier of the Farmers' State Bank, of Eaton, vice-president. Mr. Hoover does not seem to be present.

We will hear the report from the Ninth District, Mr. C. H. Goodbar of the Crawfordsville State Bank, vice-president.

THE SECRETARY: I have Mr. Goodbar's report and it is as follows:

REPORT FROM THE NINTH CONGRESSIONAL DISTRICT

CRAWFORDSVILLE, IND., Nov. 14, 1906.

To the President and Members of Indiana Bankers' Association:

This is the case described in the old song concerning the elephant of the circus which died, entitled, "They wanted me to take his place and do the best I could;" and not being aware of this "want" until very recently I have had but little time in which to inform myself concerning the banking conditions of the Ninth District.

In glancing back over the reports of those who assumed this role in the past, I see Mr. Layton said this district consisted of Fountain, Montgomery, Clinton, Carroll, Hamilton, Howard,

Executive Council

Members For Two Years

A. G. Lupton, Hartford City

W. H. Gardner, Valparaiso

Chas. H. Worden, Ft. Wayne

W. F. C. Golt, Indianapolis

W. E. Springer, Elizabethtown



Boone and Tipton. They still remain the same only it is now Montgomery, Fountain, etc., instead of Fountain, Montgomery, etc. You will kindly note this change in the Ninth.

The Ninth District being in a great measure an agricultural district is possibly in the best condition, taken as a whole, which ever existed in its history. The numerous interurban lines, the telephone and daily mail place the farmers of this district in close touch with the social and commercial world, and the importance of all these advantages, together with bountiful crops, sold on good markets, has rendered the position of the average Ninth District farmer second to no avocation in our country.

The deposits of our seventy banks are larger than a year ago. Money seems plentiful, but the demand is stimulated by the activity of our customers, and a desire on the part of most all to branch out and possibly deal beyond their own means. I have no idea that this is confined to the Ninth District, however. But wide awake, active men have a tendency to speculate in money, i. e., try to make some money earn over the nominal rate which borrowed capital will cost them, and it is this spirit which makes the demand for loans as active as it is when money is comparatively plentiful.

The recent campaign did not take the minds of the people of this district from their regular routine of business, and as a result the evil effect ordinarily felt in the banking business was not noticeable.

Manufacturing industries are running on full time through this section, and little or no labor trouble has existed.

Taking all things into consideration, I am glad to report the Ninth District in splendid condition, and we cannot yet foresee any panic clouds in our business horizon.

Respectfully submitted,

CHAS. L. GOODBAR, *Vice-President.*

THE PRESIDENT: We will now hear the report from the Tenth District, John W. Dyer, cashier of the Commercial Bank, Hammond, vice-president. Mr. Dyer does not seem to be present.

The Eleventh District, H. D. Reasoner, president of the First National Bank of Marion, vice-president.

REPORT FROM THE ELEVENTH CONGRESSIONAL DISTRICT.

MARION, IND., Nov. 14, 1906.

Mr. President and Gentlemen of the Convention:

The Eleventh District comprises the counties of Huntington, Wabash, Miami, Cass, Blackford and Grant. The forty-four

banks and trust companies located in this district employ capital and surplus amounting to over \$3,000,000 and have deposits, according to the last available reports, of over \$20,000,000. This vast sum of money is divided amongst the different counties comprising this district as follows:

Huntington county has eight banks with \$425,000 capital and \$2,500,000 deposits.

Wabash county with seven banking institutions employs \$400,000 capital and has nearly \$2,000,000 deposits.

Miami county has six banks with capital amounting to \$425,000 and \$3,000,000 deposits.

Cass county has six banks with \$685,000 capital and \$2,500,000 deposits.

Blackford county has five banks with \$275,000 capital and over \$2,000,000 deposits.

Grant county has thirteen banks and trust companies that are capitalized at \$800,000 and have deposits of over \$6,000,000.

The banking conditions in this district for the past year have been very good, and all the banks within the district seem to be in a healthy condition and prosperous, so far as I have been able to examine their reports, and doing a conservative and safe business. Money has been plentiful with fairly good demand, at a higher rate of interest than in former years.

Interurban electric railroads traverse the district in all directions, uniting the smaller to the larger towns and cities, insuring to the people satisfactory and cheap transportation.

The last year has been one of exceptional prosperity with our farming community all over the district. All the various crops have been abundant and prices for all kinds of produce and live stock have been very good, and the farmers generally have been able to retire their farm mortgages and become money lenders instead of borrowers.

He has his daily mail delivered at his door, has telephone lines connecting him with all the surrounding cities and towns and almost all of his neighbors, which lines are almost always busy.

Manufacturing interests throughout the district, so far as I am able to learn, have been in full operation and very prosperous the last year, employing great numbers of men and large amounts of capital.

If the present trade conditions are maintained the interest rate will certainly continue high and the conservative banker can look forward to another prosperous year.

Respectfully submitted,

H. D. REASONER, *Vice-President.*

THE PRESIDENT: We will next hear the report of the vice-president for the Twelfth District, Mr. W. H. Coffinberry, assistant cashier of the Garrett Banking Company.

THE SECRETARY: I have a letter from Mr. Coffinberry, saying that it is impossible for him to be here, but he sends his report in by mail and it is as follows:

433715

REPORT FROM THE TWELFTH CONGRESSIONAL DISTRICT.

GARRETT, IND., Nov. 12, 1906.

To the President and Secretary and Members of the Indiana Bankers' Association:

It being impossible for me to attend the Tenth Annual Convention, I desire to submit a short report of conditions in the Twelfth District.

I believe that at our last convention Mr. Hildebrand reported that, "We bankers have been busy explaining to the Fort Wayne bankers why they should not pay 4 per cent. on deposits," and I am compelled to report that we have been doing this continuously without any good results. The conditions are as follows:

The Fort Wayne banks and trust companies have been, for two years, paying on deposits, rates of interest too high to be consistent with good banking. Naturally their rates are, and have been, drawing from adjacent banks, deposits which rightfully belong in their respective territories. Acting upon the desires of several bankers, I called a meeting in Fort Wayne of some seventy bankers, at which time the adjacent banks asked our Fort Wayne friends to "Crawl down off the perch." After three such meetings, without any results, the country bankers held a meeting, exclusive of Fort Wayne bankers, and adopted resolutions. These resolutions are being signed by some sixty banks in northern Indiana and Ohio, who are also affected by reason of excessive interest rates.

I believe that our Fort Wayne friends are sick enough of their proposition and that as soon as they can eliminate a little "broken faith" that exists between them, the question will be settled to the satisfaction of all concerned.

Aside from these differences everything is running smoothly, and the Twelfth District is enjoying the greatest prosperity ever known. We had the misfortune, through the death of our friend John Mohr, Jr., cashier of the Hamilton National Bank of Fort Wayne, to lose one of the most prominent bankers of the District.

I hope that during my term as vice-president of the Twelfth District I have proven satisfactory. Wishing for you all a most

pleasant Convention, and regretting my inability to be with you, I remain,

Very respectfully,

W. H. COFFINBERRY, *Vice-President.*

THE PRESIDENT: We will now be glad to hear from the lucky Thirteenth District, Mr. W. S. Huddleston, president of the First National Bank, Winamac, vice-president. Mr. Huddleston does not seem to be present.

We would be pleased to hear from Mr. Frank Martin, delegate to the American Bankers' Convention at St. Louis. If Mr. Martin is present, he will please come forward. Mr. Martin does not seem to be present.

The next in order is the presentation of badges to the ex-presidents of this Association. Last year a committee was appointed to prepare these badges and it now becomes my duty and I am now ready to make the presentations. The first president of this Association was Mr. Allen M. Fletcher, who is now a resident of Vermont. We expected that Mr. Fletcher would be present, but it has not been possible for him to be with us.

Mr. Allen M. Fletcher, of Vermont, had the honor of being our first president, during the years 1897-8, and was practically the pioneer of this Association, as his efforts contributed largely to start it on its successful career. He was long identified with the banking business of this city and had an extensive business acquaintance with bankers throughout the state, by whom he was regarded as a banker of more than ordinary ability. I assure Mr. Fletcher it is a delightful pleasure to present this memento to the first president of the Indiana Bankers' Association.

I would suggest that the secretary of this Association be instructed to forward this badge to Mr. Fletcher, as a memento.

Col. C. T. Lindsey, cashier of the Citizens' National Bank, of South Bend, Indiana, and president of this Association in 1899, is regarded as a war horse in the association business, having his fighting clothes on continually—always present and solicitous for our interests.

As an appreciation of his efforts, in behalf of the Association, I have the pleasure of making this presentation. (Applause.)

MR. C. T. LINDSEY: Mr. President and fellow bankers—I am delighted to have the opportunity of answering "present" to

Executive Council

Members For Three Years

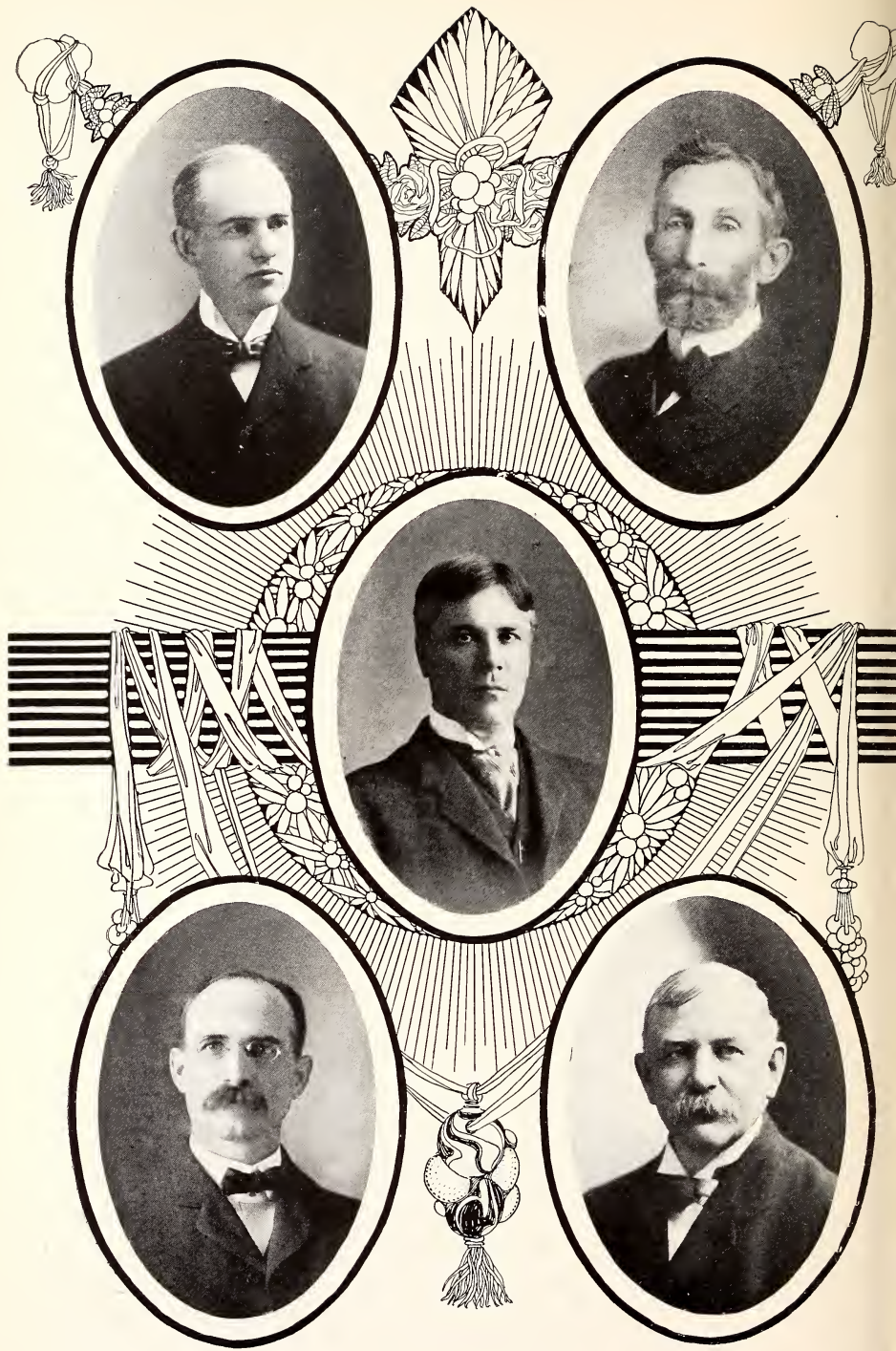
J. R. Voris, Bedford

C. H. Church, Muncie

John C. Zulauf, Jeffersonville

F. H. Stark, Rockville

J. H. Holliday, Indianapolis



the roll call of this, your Tenth Annual Convention, and have to report that as yet I have not been tardy or absent from school. It has been my pleasure to be in attendance at each meeting since the organization of this Association. I am proud of the fact that I at one time was an officer of the Indiana Bankers' Association; proud of its continued growth; proud of my associates and successors that have succeeded in bringing about such a happy condition of affairs.

These meetings, I consider, are those of good fellowship, to a great extent, that broadens one's mind, and at which to gather ideas that will be of use. It is seldom that I attend a meeting of bankers that I do not get some hints that are of value to the better conduct of our business. This must be true of all. To this add the pleasure of renewing old acquaintances and making new ones, gives us something pleasant to think about, and, as it were, furnishes an oasis in the humdrum of everyday life. As stated before, I am glad to be here and to absorb some of the good things floating about, both literal and material, and not for the purpose of making a speech. That would be a waste of time, for I find your committees have furnished a very elaborate program for your entertainment, and one that will keep you quite busy for the time allowed.

Gentlemen, I thank you. (Applause.)

THE PRESIDENT: Mr. David A. Coulter, president of the Farmers Bank, of Frankfort, was our president in 1900. Almost every one knows Dave Coulter, a genial, whole-souled gentleman, recognized among his friends as a thorough, upright banker, and having the entire confidence of the people of his section. His advice and counsel is depended on in financial affairs.

I assure you, Mr. Coulter, that the Association is grateful for your assistance in its development, and it is a pleasure to present this token in their behalf. (Applause.)

MR. D. A. COULTER: Mr. President and gentlemen of the Convention—Our honored secretary, a short time ago, notified me of the pleasure in store, and he said at that time, thinking, possibly, that I might make a long-winded speech, that not a single word would be expected of me. (Laughter.) I said to him then that the executive council of this Association had solved the problem that had long been in the minds of the people of this country—

What would we do with our ex-presidents? (Laughter.) Now they have solved the question; they have given us a badge of honor, for which we are all certainly very grateful. Now I wish that they were able to solve the question, What shall we do with our vice-presidents who have failed to attend this meeting? Now I don't want to scold, but I do want to say to you that this Association ought to come together, and, if possible, every member have a word of some kind to say. We like to look into their faces. We like to get acquainted. That begets confidence, and this Association was certainly formed for that purpose and for that purpose alone. Now, another word—and I am going to scold a little more. I know that I should not do it upon an occasion of this kind, but I do feel that every banker wants his customers to be prompt, and I think we ought to set a good example in that respect. When this meeting was called to order this morning, and when the gentlemen who were to make the addresses of welcome were here ready, there was but a handful of our members present. Now, gentlemen, let us set a good example; let us be prompt; let us show our appreciation. With over three hundred members enrolled, we ought to have given an audience to these gentlemen who have spoken to us words of wisdom and of welcome as well.

Now, gentlemen, I am certainly proud of the fact that I had the privilege of being the president of such an Association as this. I am glad to meet you all and I am glad to look into your faces and I hope to be able to shake every one of you by the hand.

Mr. President and gentlemen, I thank you. (Applause.)

THE PRESIDENT: Hugh Dougherty, president of the Marion Trust Company, of this city, also president of the Federal Union Surety Company, which is taking chances on the good behavior of many of our Indiana bankers, was our fourth president, in 1901, and by all his Indiana banker friends is regarded as a man of high character and integrity, well worthy to receive this memento of his former service. It is my pleasure to make the presentation of this badge to Mr. Dougherty. (Applause.)

MR. HUGH DOUGHERTY: Mr. President and gentlemen of the Convention—To be the recipient of as beautiful a token as this ought certainly to be appreciated by any one, and I am sure that I appreciate it beyond any expression that I might make this morning. But when this emblem comes from a body of men who, in

every instance, in the community in which they live, are leaders of men and are trusted and confidential officials in the community, then it becomes more than an ordinary badge of honor. I want to assure you that I appreciate this beyond anything that I might say, and while that is true, it is due to you as well as myself to say that I am not a speech maker, and therefore I shall not undertake to say more than that I most earnestly thank you. (Applause.)

THE PRESIDENT: Mr. Frank L. Powell, our president in 1902, and former president of the Capital National Bank of this city, had a large circle of friends among the members of this Association, by whom he was regarded as a banker of more than ordinary ability. He was a man of strict integrity, true to his trusts, loyal to his friends and a congenial companion.

His faithful service to the Association is well remembered, and it is our desire that this badge be presented to Mrs. Powell, that it may be a memento in his family of our high appreciation of a service well performed.

I would suggest that Mr. W. H. Powell, of Madison, Indiana, be selected to make the delivery.

MR. W. H. POWELL: Mr. President and gentlemen of the Indiana Bankers' Association—I have been delegated by those who were nearest and dearest to Mr. Powell, to accept this token of your esteem.

On being advised that it was desired that I should perform this duty I wrote Mr. Smith, secretary of the Association, asking him what would be the nature of the exercises of presentation. He replied: "You have been a life-long friend and companion of Mr. Powell, and we are sure you will not want for a few timely words to say regarding the many virtues of our dear departed friend." Certainly it would seem so, yet I am at a loss for words to express my thoughts as I would like.

Through a lifetime of unwavering, earnest friendship, and almost a score of years of most intimate connection and close business association, I feel it may well be said that I knew Frank Powell, and, with mingled feelings of pride and pleasure, can add, in all the words imply, he was my friend.

Someone has said, "Men's dispositions, like the chameleon, are, as a rule, as changeable as the seasons." There is an exception to every rule. He was the exception to this rule, for we can truth-

fully say that in disposition and manner Frank Powell was always the same kind, unselfish, sympathizing friend.

Combined with his superb business qualifications, he was filled to the brim with the milk of human kindness, tender hearted and considerate of others to a greater degree than any man I ever knew. No citizen of his native heath failed to accord to him that honor which was justly his due. He was naturally endowed with the ability and tact to deal with people of all kinds and conditions, and no one ever left him but as his friend, no matter what the result of their meeting. Anger was, it seemed, unknown to his nature. Amiability, combined with sterling integrity and rugged honesty, seemed to be the very goal of his ambition. From early manhood, he took a deep interest in financial matters and seemed endowed with a peculiar talent for successfully mastering all of their perplexities. While yet quite a young man, he stepped into the important place so long and ably occupied by his honored father. The continued and increased success of the institution under his management are fitting monuments to his well recognized ability.

Speaking as one who had ample opportunity to know him well and thoroughly in every way, I feel that there have lived few men as evenly balanced or better qualified for the tasks he undertook, than Frank L. Powell. How truthfully and aptly may that old couplet be applied to his memory,

“None knew him but to love him;
None named him but to praise.”

On behalf of those nearest and most dear to him, I accept this tribute of your regard. It will be given to them as a token of the high esteem in which he was held by this Association of Indiana bankers.

Gentlemen, for them I thank you and assure you that this badge will ever be kept by them and revered as an evidence of the esteem and high regard in which Mr. Powell was held by those friends whom he, in turn, held most dear. (Applause.)

THE PRESIDENT: Mr. R. L. O’Hair, president of the Central National Bank, of Greencastle, Putnam county, Indiana, president of this Association in 1903, and a loyal friend of the institution, is to be congratulated on his success as a banker and having

a host of friends in his county. Putnam county is noted as an agricultural county, and our friend O'Hair has the reputation of being somewhat of a farmer himself, as it is claimed his "holler" in calling cattle starts all the stock for a mile square, even chickens, hogs and mules hustling to reach the rendezvous. It is a great pleasure to present this token to Mr. O'Hair. (Applause.)

MR. R. L. O'HAIR: Mr. President and gentlemen of the Convention—I have never made but one speech before this Association, and as that was a failure, I hope you will excuse me from any further attempt in that line at this time. I think it will be sufficient for me to say that I greatly appreciate the honors that you have conferred upon me in the past, and I thank you for this beautiful badge that you have just presented. I shall carry it home with me with the best wishes for the future of the Indiana Bankers' Association. (Applause.)

THE PRESIDENT: Mr. Walter W. Bonner, president in 1904, is cashier of the Third National Bank of Greensburg, a town noted for growing trees from the court house steeple, by virtue of hot air distribution, supplied by attorneys below and adjacent bankers around the square. In addition to being a successful banker, Mr. Bonner has other accomplishments, is considered a banker-farmer, leaning towards horses, his particular fad at present being his endeavor to teach his riding horse the difference between a two-step and a waltz, but each having a good Presbyterian foot, the result is doubtful. He also finds time to become familiar with our Hoosier poets and will possibly favor us.

In behalf of the Association, who greatly appreciate his efforts in their interest, it is gratifying to make this presentation. (Applause.)

MR. WALTER W. BONNER: Mr. President, ladies and fellow bankers: The President has said some things about me that—oh well, I plead guilty to all of them. (Laughter.) I am like my friend Mr. O'Hair—I am a farmer. I live in a town where they have a thing that no other town in the whole world possesses—a tree growing on the courthouse tower, one hundred and fifty feet in the air. I do like a saddle horse, and I have about the best one in the state of Indiana, and his Presbyterian feet don't mix. (Laughter and applause.) I also plead guilty to being a great lover of our poet Riley. His poems have had a wonderful effect, I

might say, upon my life. Yesterday I got a letter from Mr. Smith, saying that Mr. Church wanted me to recite a poem that I recited when I was president of this Association. Well, I can't do that. I remember it partly, and only partly. I don't think this body wants to hear that one, but I did have in mind to recite another poem of Riley's that has had a more powerful effect upon my life than the one I recited to you, but it is of a different nature and possibly of not as popular a turn. However, before I recite that poem I want to say to you that I am very grateful for this beautiful reminder of the confidence and esteem of fellow associates and friends. I shall wear it constantly and every time I look at it I shall be reminded of happy days gone by. Hope is the beacon that lures man onward. Without hope we wither and die. But the light from the star of hope is but the reflection of the fire in the heart filled with bright memories of the past. Without memories of the past we can have but small hope for the future. Memory of deeds accomplished but lead on to greater deeds, and failures, or seeming failures destroy hope, weaken effort and breed regret and worry, and worry and regret but breed again worry and failure, and this is what we should all fight against; this is what that poem to which I referred awhile ago helped me to fight against.

“O! heart of mine, we shouldn't
 Worry so!
 What we've missed of calm, we couldn't
 Have, you know!
 What we've met of stormy pain,
 And of sorrow's driving rain,
 We can better meet again,
 If it blow!

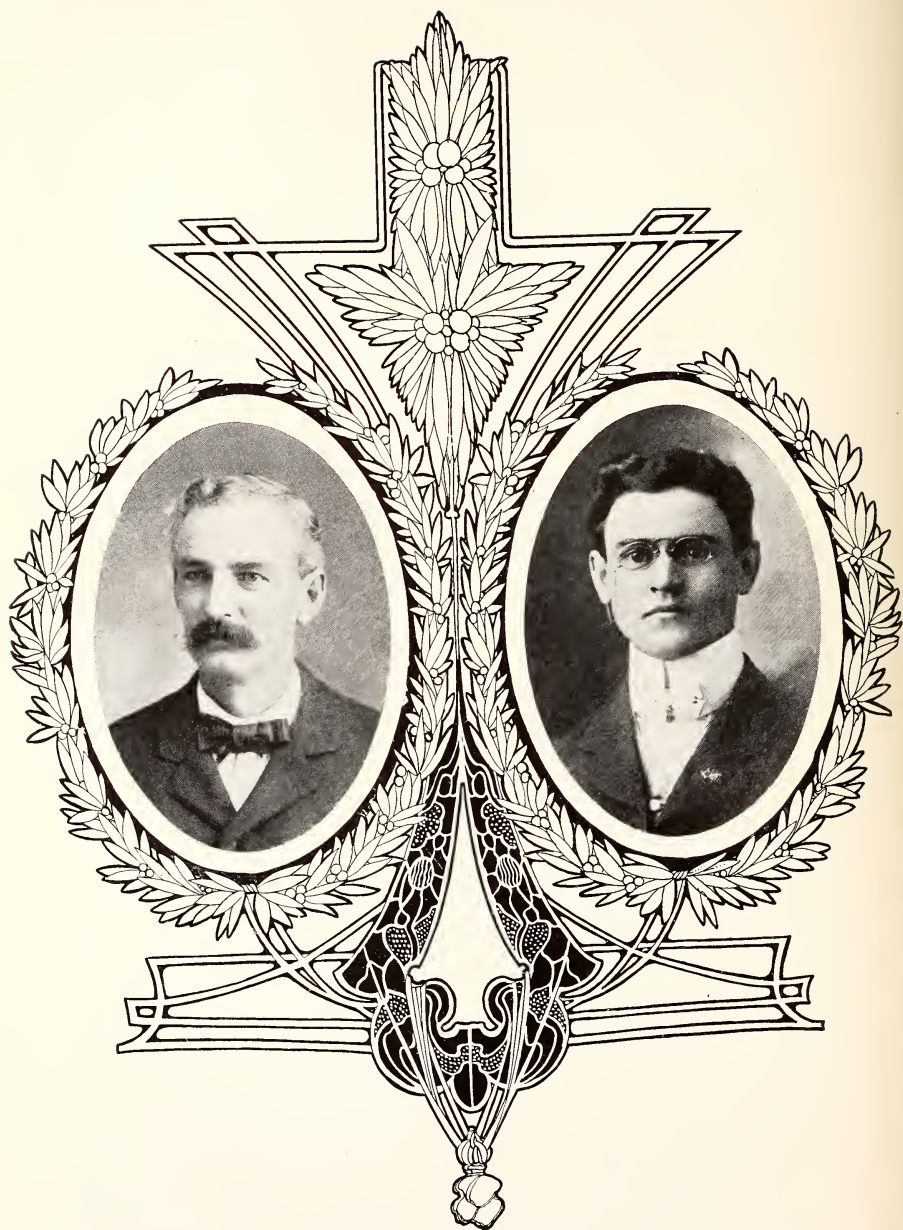
“We have erred in that dark hour
 We have known,
 When our tears fell with the shower,
 All alone!
 Were not shine and shadow blent
 As the gracious Master meant?
 Let us temper our content
 With His own.

“For, we know, not every morrow
 Can be sad;
 So, forgetting all the sorrow
 We have had

Vice-Presidents at Large

Chas. H. Johnson, Waveland

D. C. Moore, Greens Fork



Let us fold away our fears,
And put by our foolish tears
And through all the coming years
Just be glad." (Applause.)

THE PRESIDENT: Mr. A. G. Lupton, president in 1905, is cashier of the Blackford County Bank of Hartford City, and manager of half a dozen banks in that section. He made good as our last president, he has made good as a banker, made good in his pugilistic scrap, is a good sprinter, lost the first heat, but will surely make good in the next two; is conceded an all around good fellow and it is a real pleasure to make this presentation. Take it, Mr. Lupton, and continue to make good. (Applause.)

MR. A. G. LUPTON: Mr. President and gentlemen—Since I received a letter from our worthy secretary stating that I would be expected to say something on this occasion, I have been consulting the Ways and Means Committee with reference to meeting this obligation at maturity. Coming last, as among the presidents, and listening to the pleasant words of my friend Lindsey, and my old comrade Dave Coulter, and the very pleasant words of the Hon. Hugh Dougherty and of Mr. O'Hair, and the flowery remarks of my friend Bonner, I feel that little has been left for me to say, further than to assure you that I appreciate this badge very much and I shall take it home and often think of the very pleasant acquaintances I have formed in the past ten years that I have been a member of the Indiana Bankers' Association. Gentlemen, I thank you. (Applause.)

THE PRESIDENT: Gentlemen, we will now be favored with an address by Mr. F. H. Stark, cashier of the Parke State Bank, of Rockville, on the subject, "Necessity for Co-operation Between Directors and Bank Officers." (Applause.)

Address of F. H. Starke

MR. F. H. STARKE, Rockville: Mr. President and fellow bankers—When behind the counter, or the roll top desk, I have a little conceit that I can hold my own with the necessities of the occasion, but in such a field as this I feel an entire lack of ability; that I am too humble to fill the position thrust upon me. As an illustration of my feelings on this occasion, I would relate a little story. There was quite a swell wedding down our way and the

groom had a severe case of stage fright, although reassured every now and then by the blushing bride. After the wedding breakfast had been finished a number of toasts were given, and the groom being vociferously called upon to respond, waveringly answered. Under the necessities of the occasion he arose to respond, and fumbling with his words, his feet and with his hands, in his agony he grasped the shoulder of his bride and exclaimed, "My friends, this thing has been thrust upon me." (Laughter.) Gentlemen, this has been thrust upon me.

As the papers and magazines, for many months, have dealt with every phase of the directors' duties and obligations, and their failure to meet the reasonable expectation of those whose business has been confided to their care; and as many of our highest government officials and most eminent bankers have ably dwelt upon the bank directors' duties, I will not attempt to again cover that ground; but hope that I can have a little homely talk with you, and from twenty years' active experience, suggest a few points looking to a more thorough co-operation between the active officials of the bank and the directors.

That the most solemn moral obligation, as well as the clearest legal decisions, bind the directors to the duties of their office, is now known to all who fill such positions. But today I believe from some inquiry that many—far too many—banks have directors who are so busy with their own affairs, and repose such confidence in "our officers," that their directing is perfunctory rather than real. These suggestions are intended to apply more particularly to what we term the "country bank," meaning all banks except those in the larger centers. These being such banks as the large majority of us, as well as the very large majority of our fellow bankers, have in our charge.

And first let us get before us a few foundation facts that will apply to most of such banks:

First, directors are nearly always chosen because they are men of means and influence. They are usually deeply engrossed in business of their own and having no idle time. They are men of character and standing in your community, else they would not be chosen. It is expected that they will attract business to the bank. It is also to be expected that, to them, the bank will be a "side issue" to their own personal business.

Second, all banks have officers—president, vice-presidents, cashier and assistant cashiers. But title means little. My observation is that there is *the* officer, be his title what it may. I mean that in nearly all banks of this class some one man is the real force and power. His word is the superior law in every division of the bank; he is the credit man; he leads in all steps taken by the bank. In fact, he is the head of the bank and in him the directors repose

their trust and rely upon his judgment and his supervision. This man is chosen by the directors because he has ability.

Third, the best bank can be temporarily embarrassed, or even forced into suspension, by a sudden run of unusual severity. But no bank properly and honestly managed can ever lose one cent for its depositors and in but rare cases should its stockholders suffer material loss.

The usual causes of disastrous bank failures are over-borrowing by the bank officials, or dishonesty of *the* official. In the first, the over-borrowing of some of the bank officials, or allied interest, usually starts in moderate amounts for the development of some outside business, which by an unexpected turn, demands more, and still more money, until the fatal day comes and failure is the result. As to dishonesty, I believe it safe to assert that cases of intended and premeditated dishonesty are so few as not to be worthy of our consideration. It is the first little step in some outside investment or speculation that would not quite bear the full knowledge of your directors, that starts the bank official on the path that generally leads to the felon's cell or the suicide's grave.

We can, therefore, base our talk upon these three deductions: the director, not a trained banker and fully occupied by his own affairs; *the* officer, having virtually full control of the bank's business and enjoying the confidence of the directors; the frailty and weakness of the best of men. These deductions show the necessity of co-operation between all officers and directors, for in such co-operation lies the only sure preventive of bank trouble.

To *the* officer I would say that *you* must force your directors to direct. They trust you and you are honest. But you need the check and strength of co-operating officials. Lay every transaction before them. If you think a loan, that when made you had every reason to suppose to be good, is now becoming doubtful, tell your directors at once; if they are men at all qualified for their position they will not censure, as any bank must expect some losses. Hold nothing back from them, hoping it will all turn out right in the end. Let the test of all your actions be your willingness to lay it before your directors. Be prepared for each directors' meeting with information relative to the bank's business that will get your directors' talking and thinking. Keep statistics of the growth or loss of business and report them. Do not be afraid to report a decrease in the total deposits or the number of depositors. Tell them fully why Mr. Blank became offended at you or your bank and withdrew his business—they thus hear your side first and do not get their information from Mr. Blank, to your detriment. Tell your directors everything—all the little bits of good news and all the little troubles, that we all know is talked behind the bank's railings. This gives you a chance to get their advice and to awaken

their interest in the real and larger affairs of the bank. Force each director by direct questions to give you his opinion on every question brought up for discussion—silence does not always give the consent that you want. Don't have the least fear of your directors; tell them everything. If they do not like your management, far better that you know it and get in some other business than to be handling anything that you cannot lay freely before them. I believe it lies with you to force your directors to direct, by developing and maintaining their constant interest in the small, as well as the large, affairs of your bank.

To the directors, I would say, drop into your bank every day, if only for four or five minutes. This gives your officers a chance to tell you the bank news and get your opinion on any new point. Look at the "Statement Book" every day—comparisons will grow interesting and you keep a run of the business. Vote yourself sufficient pay for each regular board meeting attended, to justify you in taking the time to be there, and then attend every meeting. Either see that *the* officer reports all matters to you unreservedly, or put a new man in his place or resign from the directory. Don't be a dummy. Do not criticise everything—criticism does not invite confidence and you want to know everything, good or bad. Always remember that if you reported all of your own business to someone you would have to report a good many mistakes. Good suggestions are far more valuable than continued criticisms. *The* officer should not ask you to take his word unsupported, nor should you so take it. It is no insinuation upon his integrity to count the cash or to see the "Account Currents" received from corresponding banks, to list the notes, or to see anything else for yourself. Get a general idea of the bank's system of bookkeeping. You may not be a banker or a bookkeeper, but you can easily learn to gain a quick summary of the bank's business by looking at the books for yourself. Be sure that every loan or overdraft that is made comes to your knowledge at least each month, and if you object to any loan and your fellow directors do not agree with you, insist that your objections be noted in the records and then pleasantly agree with the majority. But do not shirk responsibility by being non-committal; go on record "yes" or "no" to every question discussed. When you hear a customer expressing objections to the action of some officer or employe, find out both sides before you speak. It is often necessary for your officers to say "no," and, do the best he can, it will give some offense.

Directors' meetings are usually held during the day and every one is in more or less of a hurry and the members who are active in the bank are constantly being interrupted. The bank in which I have the honor to be a director and cashier long ago abandoned day director meetings. We hold our regular monthly meeting at

night and enjoy ample time without any interruption. This leisure brings out a full review of the business and many general and profitable discussions. At the regular meetings every loan made since the last meeting should be carefully reviewed. The total line of credit extended any large borrowers is fully discussed and the overdraft list carefully scrutinized.

Every bank should have an auditing committee, composed of the non-official members of the board of directors, or better still, of qualified stockholders, who are not directors, who at unknown periods make a detailed examination of the bank and report to the directors in writing and this report recorded in full on the minute book. This examination made by men familiar with local affairs, who, being stockholders, are deeply interested, I believe to be superior for average banks, to any bank examiner or audit company inspection. These men should be paid well for their services and have full access to all moneys, books and papers, and should take no one's word for anything, but should know for themselves every fact.

Let directors always remember that no bank is too safe to need critical examination, and no official too honest to be exempt from constant supervision. Constantly maintain these and the limited expense incurred will be more than repaid by the increase of business from an appreciative public.

As an active officer in a bank, to my fellow active officers, I insist that largely upon you depends the responsibility of seeing that directors do direct. You can force them to do so by keeping them interested, and ever remember that you are human and as good men as you have fallen and you can not put too many protections around yourself. And if, perchance, you have no fear of your own ability, I assure you your depositors will have more confidence in your bank if they know that you have other capable men working with you handling the money intrusted to your care. (Applause.)

THE PRESIDENT: We will next next listen to an address on the subject of "Prosperity and Hysteria," by Mr. L. A. Goddard, president of the Fort Dearborn National Bank, of Chicago. (Applause.)

Address of L. A. Goddard

MR. L. A. GODDARD, Chicago: Mr. President, ladies and gentlemen—I have no apology to offer for speaking to you from notes. My experience as a speaker is not sufficient for me to come down here and try to fill a place on a fixed program and trust myself to speak offhand. I know that it is not quite so interesting and yet our friend Mr. Church, who has just given us that splen-

did paper, could probably not have done quite so well if he had not prepared it in advance.

I once heard a Scotch minister, a young fellow who had been educated by a good, generous old man, who had taken an interest in him. He had educated him in the college and for the ministry. The young man went back to his little Scotch village to preach his first sermon, and the old man who had helped him was out to hear him. The young man was very anxious to please his benefactor, and after the services, they were walking together up the road, the young man going with his old friend to dinner; nothing was said for a long time, and finally the young man said, "Well, how did you like my sermon?" The old fellow paused a moment and then said: "There were three things I didna like about it: In the first place you read your sermon; in the second place, you didna read it weel, and in the third place, it wasna worth reading." (Applause and laughter.)

Now I know that this is a busy convention, and the message I bring to you, even though it is from notes, will not take up very much of your time.

This is a day of unprecedented opportunity for the man who is a utilizer and not a speculator. As the malcontent might express it, conditions are distressingly good. With you here in Indiana, as with us in Illinois, we seem to have no way to turn for a pessimistic view.

"Between the optimist and the pessimist
The difference is droll;
The optimist the doughnut sees,
The pessimist the hole."

Every avenue of commerce and manufacture seems to give evidence of unprecedented prosperity; and material blessings almost beyond measure have been showered upon our farmers. The development of the coal interests in Indiana and Illinois has become so important that the world at large hardly begins to realize the extent of it.

Our banks as a rule are making more money and are on a sounder basis today than ever before. Opportunities are abundant—in fact, were never better—for keeping surplus funds invested in safe and good-paying securities. Good bonds paying fair returns are plentiful in the market. Commercial paper of the highest grades can be secured, payable on time or on demand, in amounts and due dates to meet the needs of the bank, thereby enabling the bank to realize a full earning capacity. Of course, unerring judgment is essential in such purchases. The country banker need not be at any disadvantage in this feature of banking. With his information and with proper acquaintance and due confidence in his city correspondent, their combined knowledge ought certainly to enable him to be equally well informed.

Vice-Presidents for Congressional Districts

J. D. Johnson, Kokomo

R. S. Todd, Bluffton

Delos Thompson, Rensselaer

John J. Howard, Van Buren

H. D. Stoner, Akron

J. R. McCulloch, Fort Wayne



In fact it seems that prosperity such as at no time in all the history of the world has ever been known, has ruled in these United States for ten years. And year after year the tide of prosperity has mounted higher and higher and yet higher, to the astonishment even of the optimistic and the sanguine. Every year some ebb might have been expected, but no ebb has occurred. Instead the flood has swelled up and up, burying every record previously attained.

A possible good thing predicted by nearly everybody is likely to become a fact. A danger or an evil thing predicted by nearly everybody, or by any considerable number, serves as a warning and is generally discounted in advance; it may never materialize at all. Certainly some time there will come a depression, a reversal of conditions. It may be a long time off and it may come next year. It might have been on now from last year's view-point. We are quite sure there is no evidence visible out here, of a near change for the worse. Of course, some sudden effect produced by the speculative craze may bring surprise at any time. That, however, can't sweep away our soil, our climate and our natural blessings.

What had Indiana to do with the sensationally high rates in interest for call money in New York last fall? General, legitimate business interests in the interior only called for a reasonable portion of its own, which certainly should not have contributed any part to such a flurry. I don't remember that we were to any serious extent unsettled or disturbed by it. Is Secretary Shaw being importuned to relieve conditions now in Indiana? or any other state where business is conducted on a sane and normal basis?

You remember that while call money soared up at one time, I believe to 100 per cent or more, yet out here in the Middle West, the products of nature and of labor were moved and financed as in previous years, just as though there was nothing doing out of the usual. The banks were equipped to supply the money where it ought to go, and the producers and the dealers made complete the other necessities for prosperity to continue undisturbed.

After ten fat years we are apparently not entering into ten lean ones; anyway we don't think the latter will begin next year. Corn, wheat cotton! The United States has raised enough of these in the last ten years to pay off the farm mortgages, to reverse the international balance of trade, to fill the savings banks, and to make the West as nearly financially independent as is possible.

While it is unreasonable to suspect that industrial reactions will or can be any time soon so serious as we have witnessed in former years; still it must be kept in mind that these times of unprecedented growth, of large figures and growing larger, must of necessity mean a like added responsibility to the banker, especially in dealing with customers who might become overly ambitious or

visionary. And not only as to the customer, but of more importance is it for the banker to guard himself against becoming so intoxicated as to venture beyond reasonable and safe bounds.

With great opportunities come great responsibilities; and continued future prosperity is determined largely by a wise use of the means now within our possession and under our control. Strengthening our business foundations means simply well directed common business sense and well-guarded individual integrity.

Following the second thought suggested in my subject, it seems strange that ten years of abundance, of the greatest material plenty ever enjoyed by this nation and never enjoyed by any other nation, should witness manifestations of popular unrest. There is, however, evidence of a bubbling up of discontent which seems to permeate a very large element of our people, including the well-fed, the well-housed and the well-clothed. It apparently grows with the growth of prosperity and shows signs of even outgrowing the latter.

This uneasy public temper does not appear to be for or against any one specially defined situation, but rather evinces a spirit of impulse which may be influenced to some positive step that may precipitate disaster, or else check and relegate us a long way backward in our national development.

There must be a cause or causes for this singular manifestation. What are the causes? I presume one of the greatest is the countless wealth that is controlled by the few. Then what kind of hysteria has possession of the few? Do they enjoy the responsibility for the discontent of multitudes? On the other hand, I am not sure that the various degrees of wealth are so different comparatively from those we have always witnessed. The new rich and the very rich are phenomena of the times. Each year's crop of millionaires seems unequaled, yet the well-to-do also increase in proportion. Not so many years ago a millionaire was a comparative rarity. People would travel out of their way to see one. Today they are common articles and only attract special attention when they spend money with a lavishness that exceeds the bounds of common sense, or do something else out of the ordinary.

The American people do not oppose property; they hate dishonesty. They have no prejudice even against the very rich simply because they are rich. It is the manner in which much of it has been acquired that has created discontent. It is the rapacity displayed in the desired for riches; in hazardous speculating; in the dishonesty and corruption which has been so frequently shown in corporate management, and also in our civic affairs. And this dishonesty all too often has resulted in riches being heaped up by the perpetrators.

These facts are effective weapons for the agitator to get in his hands. Whether well founded or not, a great element sees national

ills and are casting about for a remedy—some palliative for their own internal cravings—and this must be reckoned with just the same. Exactly what they want they do not know, what they would accept in the way of a remedy is even more uncertain. But it is true that they are in an expectant mood, that they welcome proposals and that they are insistent that something or other shall be done. Hence, the demand that the national government shall do things and control certain utilities. There was a clamor for government ownership of mines during the Pennsylvania coal strike. There is more or less feeling for the government to own railways and also engage in a line of banking. In many cities there is a demand for municipal ownership of street railways, telephone plants and other public utilities.

Yet only a comparatively few years back a great element of the nation quaked with fear lest too much power be centralized in the government.

An element (and a very great element, too) is very quick at trigger, when something touches their impulses. It may be a little far-fetched, but witness more than twenty thousand people sitting two or three hours in the cold, excited over a baseball contest. By one stroke of the bat, a player at once became an idol, a hero. A flunk made by a player and he would be a "dead one" just as quick.

Some weeks ago the Chicago authorities issued an order against selling liquors at certain kinds of functions. One of the newspapers immediately published an editorial, denouncing the action as an unwarranted infringement upon the personal liberties of the people and called for a mass meeting to protest against it. The next Sunday afternoon there was a crowd estimated at 25,000 men in procession on Michigan boulevard, in response to this call. You have all seen like evidences just as significant.

I am not going to try to discuss strike situations we have witnessed, or refer to their causes and possible remedies. We are not permitted the time.

This interloper in the peace and brotherhood of man in our country's existence is no doubt destined to pass away. Only that which is fit will survive. That which is not fit will perish. But there is an obligation on both sides before this consummation can be reached. This hysteria to become a Croesus, by means fair or unfair, is fully as mysterious as the growing restlessness I have mentioned. Riches gained by dishonesty means bankruptcy to the soul. "What shall it profit a man if he gain the whole world and lose his own soul? Or what shall a man give in exchange for his soul?" What kind of a mania has possession of a man whose greed for gold knows no regard for law, justice, humanity or Christianity? Pitiful in his poverty is he who is rich in nothing but money. Great wealth confers great power, but no amount of

money can change the law of cause and effect or abrogate the Divine Law which regulates the duty of man to his fellow-men. The man of millions cannot always disregard his obligations to society and humanity.

No man is big enough or powerful enough because of the riches which he has amassed to demand of another any part of that man's inherent right, dedicated to him by the law of his country and of the Infinite. Somehow, sometime, he must reap that which he has sown. "What do you want?" quoth God. "Take it and pay for it." A Mephistophelian bargain at the price of one soul is a deal one can make of himself, by himself, for himself.

On the other hand, the man who assumes the functions of a labor leader is equally charged with a duty to society as is the millionaire. He is vested with responsibilities for many men, sometimes thousands, who rely upon him for advice and direction; and who by the nature of their calling must depend upon their leader, in a measure even to the direction of their thoughts. These men have not the opportunity to travel and acquire a general knowledge of the world by experience. Yet no man is free from the responsibility of citizenship to the full extent of his possibilities. Labor is an index of good character, but not in itself necessarily sufficient proof. Because one works, maybe ever so hard, does not license him to be other than a law-abiding, loyal citizen.

Our government based on individual rights is too often interpreted to mean individual license. Dishonesty in acquiring money and the unlawful use of it; influencing men to lawlessness whether by organization or individual leadership; yellow journalism; freedom of speech, i. e., free from the bounds of law and loyalty, are poisonous serpents and are too dangerous to be allowed lawless license.

There never was a time in the history of our country when the cry was more urgent for a religion of reason, of humanity and a higher understanding to assert itself and draw men closer together on a level of common brotherhood. That is the highest quality of citizenship which recognizes the equality of man and his right to the possessions which he justly owns and with which he renders his duty to God, to country, to home and to self. It makes no difference whether these possessions consist of gold, of brain or of muscle, so long as they are used lawfully and humanely.

This way of coming together is not a compromise of principle or of justice. It is evidence of a higher understanding and a broad growth. It is sacrifice, but in that sense which means contribution to a higher development of manhood. It is the direct application of the Golden Rule, but an investment whose value could not possibly be measured by gold.

We all can do something, however small, to deprive the growing spirit of restlessness and discontent, of incentive and excuse,

and by influencing wealth to recognize its obligations. The responsibility is an individual one and each has his part to perform; and from bankers especially the people have a right to expect effective service.

THE PRESIDENT: Gentlemen, the next number upon the program is an address by the Hon. Thomas E. Powell, of Columbus, Ohio, on the subject "Lawyers and Bankers." I now have the pleasure of introducing Mr. Powell. (Applause.)

Address of Thomas E. Powell

MR. THOMAS E. POWELL: Mr. President and gentlemen—While I have undertaken to make a few remarks to you upon a subject somewhat similar to the one which your president has announced, for some reason or other, perhaps through his natural modesty, he has changed the order and placed bankers last in the title, whereas, I hold that they come first. My hearers today will be sadly disappointed and my purpose will be misconstrued if any expectation exists that I am about to bring any fresh matter or new information to you, or to instruct you with reference to the conduct of your own business.

I am told that during the past year, since your last annual meeting, you have been under a severe and constant strain, growing out of the demands of your business. You have been leading the strenuous life; you have been chasing your numerous debtors through the fields, forests and hiding places of this state, and are somewhat weary in the race, and I thought under the circumstances on this day you might be induced to take an easier and a brighter view of life.

You can scarcely realize what a delightful feeling comes to the lawyer when he finds himself surrounded on all sides by bankers who have money and are looking for an opportunity to part with it. (Laughter and applause.) Such a meeting affords all the fascinations of a game of chance, together with those of a trial of skill, although you may be reasonably certain that it will ultimately prove to be one of the delusive fibres of a golden dream, and in the end the lawyer must remain satisfied with his chance, while the banker continues in possession of all the results of skill.

I have a client, a female client, who recently expressed a keen sense of the humor of the situation. She was formerly very active in banking circles, and did, for a time, a large and prosperous business. Her operations were so extensive that at one time she held a single note of Andrew Carnegie for \$5,000,000! (Laughter and applause.) But she never could find it in her heart to compel that good man to withdraw so much of his money

from charities with which to pay that large note; so, when she desired means, she simply went out to the banks and upon that collateral obtained all she needed. (Laughter.) After a while, because Mr. Carnegie defaulted on the note, that woman was compelled, by necessity, to go into close retirement at Columbus, as the guest of the Federal Government. (Laughter.)

After the bankers of Ohio had held their meeting at Put-in-Bay, Mrs. Chadwick said to me, "I see that you have been before the bankers in convention. May I inquire of you how much there was in it for you?" I said, "Why, it was purely a social meeting; no money passed." She said, to my surprise, "When I was in business for myself, I would have given thousands of dollars for the opportunity. (Laughter and applause.) In all of my operations I was compelled to deal with the bankers as individuals. I should have been delighted to try the experiment of what I could have done with them if I had them all together." (Laughter and applause.)

I have often wondered why it is that an organized body, such as yours, composed of men pursuing the same occupation in life, so often consent to be addressed by rank outsiders. I presume it is an effort to enforce the law of contrasts, and, by providing a foil from without, make the brilliancy and the value of your own gems more pronounced.

Subjects are sometimes selected to please the speaker, upon the theory that most men delight to talk upon subjects they know the least about. They are sometimes selected to please the audience, upon the theory that if you secure its interest and sympathy in advance the subject will have some consideration, no matter how halt and lame may be its presentation. As to how my subject came is, perhaps, a matter of very little consequence, but I have no objection to telling you confidentially that it was for the same reason that Richard Brinsley Sheridan once gave in connection with his own family name. A friend said to him, "Mr. Sheridan, your family is one of the oldest and most aristocratic in Ireland—how does it come that you don't put the letter "O" in front of your name?" Mr. Sheridan replied, "Well, I don't presume there is a family anywhere that has a better right to put 'O' in front of its name than the Sheridans, because we owe everybody." (Laughter.) By the same process of reasoning, I concluded that we have a perfect right to put bankers in front of our professional name, because I found, upon inquiry, that nearly every lawyer had close and confidential relations with some banker, and if he was in large and active practice, he generally had a number of bankers who never lost an opportunity to pray for his financial success. (Laughter.) Now, in that connection, I desire to call your attention to the fact that there are very close and intimate

relations existing between our professions—more than the world generally supposes. It is your business to loan; therefore, in the very nature of things, you must have borrowers. We supply that want. (Laughter.) It is your province to save; therefore, somebody must spend. We assume that burden also. (Laughter.) You, on your side, delight to have interest go on accumulating; on our side, we are perfectly willing to have you let that process go on in perpetuity. (Laughter.)

But there are some elements of rivalry between us. We know that while we may cope with the balance of the world, yet in the pursuit of wealth we are the merest amateurs compared to such professional players as I see here in the game of today. (Laughter.) We have learned by experience that in fruitful seasons, when the plum tree of prosperity is to be shaken, the bankers generally retain a lawyer to climb the tree, to take the risks and do the work, while they remain safely upon the ground, gathering the choicest and best fruit as it falls, and when the deluded man in the tree top comes back to earth, he finds that all that is left for him is an occasional plum that the bankers, in their eager haste, have overlooked. (Laughter.)

And now, having our subject, perhaps it would be best to approach it in the light in which it has been presented by wits and humorists, because when we know what they say about us, then we know what we are. It is their province to find the unexpected; to surprise you by strange relations between things and subjects widely separated; to startle you by throwing a serious subject suddenly upon a lively background. Your own poet, James Whitcomb Riley, has said:

"It always adds a charm
To spice the good a trifle
With a little taste of harm."

So it has come to pass that under that idea the wits of the world have defined a lawyer as a gentleman who rescues your estate out of the hands of your enemies, and then keeps it himself. (Laughter.) They know that after long struggles and hardships, few men are capable of withstanding the temptations of suddenly acquired wealth, and, therefore, rather than subject his clients to such dangers, the good lawyer assumes the risks himself. (Laughter.)

On the other hand, they have defined the banker also as a gentleman who kindly consents to take your money, loans it out in his own name, and for his own benefit, and after a period more or less remote, consents to pay back the principal and modestly refuses to take more than the interest for his general service. (Laughter.)

You can, therefore, see that we are members of the same family, working together for the same ends. We are after the principal and you are after the interest. (Laughter.) But, as the interest in time always exceeds the principal, you have a marvelous advantage in this race of life; you not only get your own share, but a large part of ours. For hire and reward a lawyer contracts to be your faithful servant, while the banker, in the very act of loaning you a part of your own money, still contrives to make you believe that his business is a matter of pure accommodation. (Laughter.) When a dollar reaches the hand of a lawyer, it knows that it must at once start upon a new and livelier career. But when the same dollar reaches the vaults of the banker, you can hear it singing that good old Methodist hymn, "Farewell, vain World, I am going Home." (Laughter.)

The lawyer is often troubled with the fear that the money of his clients may be tainted, while the banker has the courage of the immune. No disease that can possibly attach itself to the current coin of the realm can frighten him. It may come direct from the smallpox ward, or it may come from a province where yellow fever rages, but when it reaches his hands, he feels as safe as if it were absolutely pure.

Now I have simply given you an index of the fancies of the brain and of the mirth that the world has indulged in at our expense, for the purpose of claiming that our highest compliment consists in the fact that we have been pursued by the wits and humorists of the world through more volumes and more literature than any other characters, except, perhaps, that best man in the world, the minister of the gospel on the one hand, and on the other, that best woman in the world, our own delightful mother-in-law. (Laughter.)

And now, having given you an index of the situation, as to what we are not, let us, for a moment, turn and see what we are, in the light of truth and of fact. History tells us that while the lawyer lives he is the delight of the courts, the ornament of the bar, the glory of his profession, the protector of innocence, the upholder of right, the scourge of oppression and the terror of deceit, as well as the orator of his country, and when death calls him to the bar of Heaven, he finds there his judge and his advocate, he non-suits the devil, obtains a relief from all infirmities and continues still to wear his legal robes in glory. But I am not here to dwell upon the man of law. I am willing to let his record do that which it can do so well—speak for itself. I have simply used him as a means of introducing to you his older and wiser brother, the banker, because, in the order of time, the banker was first born, and as the oldest son, by the law of primogeniture, he claimed and took possession of the estate and he and his

successors have been holding on ever since. (Laughter.) While the man of law, like all younger brothers, has been driven out into the storms of life, to pick up an uncertain and precarious living by the exercise of his virtues and his talents.

Now, look at the banker as he appears, in fact, as he appeared in the dawn of history, and his career has been one of almost constant progress. He has grown in influence and increased in power as civilization and humanity have advanced. No great work in this world was ever undertaken without the promise of his assistance; it never was completed without his aid. He has made war and he has made peace, as he gave or as he withheld the means by which wars were carried on. He has set up and he has pulled down princes, as he found them worthy to rule, or unworthy of trust and confidence. In the very nature of things, to preserve the safety and the stability of his business, he has always been the friend of good government, and the eternal and vigilant enemy of the bad. Commerce has always been his hand maiden; agriculture, manufacture and trade have been his servants. When new inventions have appeared, or new discoveries made, he has been the pioneer, with his means, to make them practical and to do the work of the human race. He, in every age and in every country, has been the Joseph, who, in years of plenty, has wisely insisted that ample provision shall be made to carry the improvident through the bad years which are sure to come. While he has not rendered panics impossible, he has devised ways and means by which they have appeared less frequently and are less disastrous when they do come, and when one of those delusive periods occur, when credit is easy and money is cheap, when the people appear to be sailing upon a sea of general prosperity, when scheme arises on scheme and the air is filled with speculative projects, the speculators even reaching out for the stars as new fields of promise, enterprise and speculation, it is the wise and conservative banker who knows that it is but a golden dream, and that ultimately they must all return to the earth, from which he knows that all wealth must come. And finally, when calamities occur, when fires destroy great cities, when floods and storms visit and devastate the earth, when famine threatens the populous empires of the east, when volcanoes open and send down destructive streams upon the cities on the shores of the Mediterranean, when earthquakes engulf the greatest city on the Pacific coast, it is the means of the banker that are first started for the scene of the disaster, and he never withholds his hand until the work of relief has been fully accomplished. In short, it may be said of him that he has not only met the demands of his own occupation, but has heard the calls and has answered the demands of all others, and while sometimes he may gather wealth with the prodigality of Creosus, he often dis-

penses it with the liberality of a Peabody. And so today, throughout the world, in every city, you will find churches and colleges, schools and hospitals, asylums for the fatherless and the friendless, homes and retreats for the aged and infirm, ever standing as perpetual monuments of his charity and of his benevolence. So that, in short, in his own person he has answered the demands of the best prayer that ever came from man, wherein we were commanded to care for all those who are afflicted in mind and body.

And now, finally, gentlemen, permit me to thank you for this invitation, to congratulate you upon the appearance of your splendid organization and to say that if the fullness of time has not yet come, it is certainly near at hand, when your work will be crowned with success, and the balance of mankind become your debtors. (Applause.)

THE PRESIDENT: I wish to now announce the members of the various committees:

Auditing Committee: H. A. Schlotzhauer, cashier of the American National Bank, Indianapolis; John P. Frenzel, Jr., assistant cashier of the Merchants National Bank, Indianapolis; H. K. Scott, cashier of the Steuben County Bank, Angola.

Committee on Resolutions: Francis T. Root, president of the Farmers and Merchants Trust Company, Connersville; Earl S. Gwin, cashier of the Second National Bank, New Albany; Charles L. Goodbar, Crawfordsville State Bank, Crawfordsville.

Committee on Nominations: Frank Griffith, First National Bank, Columbus; G. R. Bracken, cashier of Farmers Deposit Bank, Montpelier; W. W. Layton, Covington Bank, Covington.

Gentlemen, as the hour is late, we will defer the balance of our program until the next session. A motion to adjourn would now be in order.

MR. C. T. LINDSEY, South Bend: Mr. President, before this Convention adjourns, I move that this Association return thanks for the very able and interesting addresses given before this Convention this morning.

The motion was seconded.

The motion prevailed.

On motion, duly seconded, the Convention adjourned until tomorrow, Thursday, November 15th, 1906, at 9:30 o'clock a. m.

Second Days' Proceedings.

ASSEMBLY HALL, CLAYPOOL HOTEL,
INDIANAPOLIS, INDIANA, November 15, 1906.

The Convention met pursuant to adjournment at 9:30 o'clock, a. m., with President C. H. Church in the chair.

THE PRESIDENT: Gentlemen, the Convention will please come to order.

First on the program will be an address on "The Country Banker," by Mr. E. D. Durham, ex-president of the Illinois Bankers' Association, of Onarga, Illinois.

Gentlemen, I take pleasure in introducing to you Mr. Durham. (Applause.)

Address of E. D. Durham

MR. E. D. DURHAM: Mr. President and gentlemen of the Indiana Bankers' Association, I am glad to be with you this morning. Having, for long, been a country banker, I am thoroughly accustomed to associating with farmers. I feel like a native in the place and know that I am to the manor born, having first seen the light in the good city of Terre Haute. During the confusion incident to the prosecution of the Civil War, I escaped over the classic Wabash into Illinois. I have, however, never lost interest in my native state. I have with pleasure watched her development along lines which make a state great and glorious. In her bosom rests the sacred ashes of my grandmother, my grandfather, uncles, aunts, cousins, and a sister and a brother. I could talk long of the grand old state; she has so much in her history of which I am proud, and nothing of which I am ashamed. I am glad to be with you and to be of any service I may to so honorable an organization, which has its home in the fair state of Indiana.

A little girl whose papa was from home and whose mama was ill, at her devotions besought God to take the best of care of himself, for, said she, if anything was to happen to you and me, I don't know what would become of this family.

Even so, I do not know what would become of this land we

love, if anything should happen to the country banker. He is a tower of strength to the community in which he lives. The incentive of most, and the helper of all, movements to better conditions in his little city or village home. His position in the community is unique, though not necessarily along the lines of explanation offered by a gentlemen who, when asked the meaning of the word "unique," said it was from two latin words, unus, one, and equus, horse. He must be a mixer as he has to do with almost everything of importance that is going on in his neighborhood. In fact, on his quality as a mixer, his hope of success depends.

He is expected to be one of the trustees of the cemetery association, a member of the library board, school treasurer, an authority on insurance, especially fire insurance, a conveyancer and general all round lawyer. His perquisites are many and pleasant. He is generally recognized as the first citizen. Is allowed to entertain prominent people, speakers, lecturers, etc. To act as best man at weddings, and pall bearer at funerals. If he leads the life his community admires, he has a fine chance to have babies named for him.

To be successful, he must lead a clean, moral life; must be liberal with his time, his money and his advice; is expected to head all subscription papers whether they be to pay the preacher, repair the church or to buy for some unfortunate a wooden leg. He is forced to assume a sort of patriarchal attitude to the community, and in turn is honored and given many opportunities to be of real service to his constituency.

It would be a surprise to a city banker, who has the benefit of all sorts of bureaus, legal advice, specialists of all sorts and kinds to whom he may refer inquirers, to be all these in himself, to a large constituency.

Yet the country banker has performed all these functions so long that it has come to be expected of him as a matter of course. His advice is taken seriously by his clients and they invest their money, make their wills and manage their affairs largely as he advises. He is even called upon, and not infrequently, to be referee in the settlement of family troubles.

He is made executor or administrator of most of the probate business of his community. Has a field of wide influence and if he behaves himself is honored of many and respected by all.

This comes largely from the fact that he comes into direct personal contact with every customer of his bank, knows them all and their children by name, meets them on the streets and socially in their homes, till his greatest trouble is to make friendship stop at the counter where business begins.

He is not much given to red tape, knows all about his customer's affairs, so that he can easily verify any statements they may

make, uses a notice of protest so infrequently that to find the blanks when one is imperative is an impossibility, and he has to call upon his neighbors for them. There is no need that he should lose any money, country banks frequently running for years without losing a cent.

His life is pastoral and pleasant, but is much more that of an all-round business man than a banker.

As a corroboration of all I have said as to the appreciation of the country banker by his customers, listen to this taken from the current number but one of the *Chicago Banker*, referring to the Sheldahl Savings Bank of Sheldahl, Iowa, of which Mr. R. F. Graeber is cashier:

"Half a hundred farmers of Polk county, customers of the bank clubbed together and presented Mr. Graeber with a fine Jersey cow as a mark of appreciation of courtesies he has extended."

Now till some city banker is presented with an automobile by his customers, knowingly and of their own accord, we shall continue to affirm the supremacy of the country banker in regard of his customers. Of course we read in the same issue of the paper above quoted that a popular bank cashier in Chicago was given a dinner by some of his admiring customers, but our contention here is that it isn't at all likely that the product of Jersey cows figured to any great extent on that occasion.

The personality of the country banker, and his position in affairs which have to do with the welfare of his community, is a strong argument against the adoption in this country of the system of branch banking which obtains in other and less favored lands.

My own experiences as a country banker, covering as they do a period of a third of a century, less two months, are doubtless fairly representative, and are much the same as have come to other old-timers.

In a retrospective glance the things I haven't done seem to appeal to me more than the majority of things I have accomplished. I haven't run away with the cash box for instance, and, having full knowledge of the possibilities in the case, this appeals to me strongly. I haven't made my opposition nearly as much trouble as was in my heart. I haven't, as yet, accomplished many of the great reforms I so honestly planned at the beginning of my career. I haven't been to Paree. However, to offset all these I do claim to have been honored far above my deserts, as witness my presence here this morning.

You will hardly believe me when I tell you that the country banker of the olden time didn't know much when he began. You will more readily believe me when I tell you he doesn't know it all, even yet. Lucky dog, though, he did know enough to hang on through some as tough times as ever any set of men had to go

through. I am not sure, however, that he deserves much credit for hanging on. He sorter had to. His money was loaned to his farmer customers, and seasons and prices ran so they couldn't pay it back, so he had to "stay by the ship." While his stock of money was not large, he had unbounded faith in himself and the part of the country in which he lived.

By virtue of necessity he began associating quite early in his banking career with real bankers, the city sort, who wear Prince Albert coats every day and that "wise beyond that is written" sort of look. True, the city banker wore a few other things, but these appealed most to the country banker. He would gladly have been spared the necessity of this association, but as he borrowed money from them whenever he could, and as much as he could, it was up to him to cultivate them assiduously. When in their presence he tried to look wise, and kept silent as far as possible. He heard these mighty ones talk learnedly of stocks, bonds, puts and calls. Saw them read the tape as it passed daintily through their fingers. Incidentally he noticed that it was about all the thing that was allowed to "pass through their fingers" without most of it sticking to them. He was impressed, and felt very small indeed in their presence, but tried to look dignified as became one at least of importance in his own neighborhood. He would hurry home, either with or without a modicum of their coin, as it pleased the mighty ones to elect, to the free-air of the country side almost smothered by the oppressive greatness of the "real thing."

With a desire to be at least companionable he resolved to study up on stocks, bonds, puts and calls, and if possible to learn to read the tape as he had seen the mighty ones do. And if, momentous word, he ever did have any money to invest outside his business, he could do it in approved form.

But conditions were changing; tileing had begun, more intelligence was being shown in the cultivation of the soil, things were coming his way at last. His farmer customers began to pay up and his deposits account began to grow. He soon found himself with money to invest outside his business. He was now in consultation with his city friends in regard to investment. But with the cash or its equivalent in his pocket things looked somehow differently; he was afraid of the city banker's securities, and the thought that his pile might, perchance, go to swell the already plethoric wad of the Prince Albert coated, gave him the shivers. He harked back to familiar haunts, his good coin still his own. His native caution coming to his aid, he resolved to at once strengthen his business position and take a sure thing, so he invested in land near his home. He felt the hampering effects of his lack of education, dismissed stocks, bonds and all such from his mind and continued to invest his surplus in land.

Swiftly have the years flown by since then, and monster changes have they wrought. Horse flies and sloughs now are things unknown excepting to tradition; the ague is a thing of the past, an ague cake no longer a passport into the best rural society.

Every foot of his perforce of ignorance purchased land is tillable and remarkably productive; the price of farm products has ruled high for years, and his land is a ready sale at one hundred and fifty dollars an acre and up. The rural route takes its helpful way across the erstwhile lonesome prairie guided by telephone wires to the prosperous homes of the farmers, only having to have a care lest it come into violent contact with the electric cars which speed hither and yon over the goodly land. The farmer sits in dress suit before the open fire, soothed by the tones of a parlor grand, awaiting the summons to the automobile which is to bear himself and family to a neighboring farmer's home, where a six o'clock dinner is being given on this evening to the neighbors around. Of course the country banker and his family are among the guests. In fact, he owns the place and it is one of his tenants who is giving the feast. He no longer eats pie with his knife; he is very well, thank you.

When the country banker has filled full the measure of the possibilities in his immediate locality he is wanted by his neighbors as their representative in higher places, or has a call to come up higher in the management of city banks. He mostly, however, has such a good thing at home that he is loath to wander. Enough of him, however, are tempted afield by large salaries and enviable positions to make it noticeable that he has a hand in most of the big things going. Of course he sometimes fails to make good in the new field, but succeeds often enough to make his class a majority in high finance and as captains of industry.

Politics is his native heath. He is much given to being in the halls of legislation. I think it altogether safe to say that he is in the majority in legislatures and in the minority in penitentiaries.

Someone has said that to be out of correspondence with your environment is to die. I beg to assure you that the country banker is doing finely along the line of adjustment to his new surroundings; he is in no immediate danger of passing away of his own volition. He is close to the soil and the basis of most of his operations being land and its products at first hands, his prosperity is well founded. Land being the source of all wealth is a fine sort of property for the banker to own. A view of broad, unincumbered acres of fine farming land belonging to the banker is a satisfying sight to the patrons of the bank with which he is connected.

While it may be a bit slow of conversion into cash, it has a standard value in times of stress which makes it attractive to the most timid customer. In times of panic when money is being

hoarded in safety deposit boxes, a first mortgage on good farming lands with approved title will coax it out when every other sort of securities have failed. As a philosopher said to the pretentious son of a plain farmer, "Young man, you dress much better than your father; you evidently have a much more fashionable shoemaker; your gloves are a much more fashionable color; you write a lots better hand; but, young man, that crumpled old fist of the old man will wrestle more money out of a bank in five minutes than your fine Italian hand would in a month."

While the farm mortgage may not be "listed" and its embellishment at the hands of the printer may have been sadly neglected, as a rustler after cash in times of need it is a great success. I have had many years experience with this sort of securities and have never seen the time when one could not be converted into cash without discount. As merchandise they fit well in a bank. During the panic of '93 a state bank in Chicago, with probably four millions of dollars deposits, had on hands a million dollars worth of real estate mortgage secured loans. So great was the demand for them from their customers that they had to go on the street and purchase more when their stock was exhausted. In other words, they turned one-fourth of their deposits account into their real estate loans account, in time of panic, at a profit to the bank.

The surplus of a bank may be well and profitably invested in farm loans, as they pay a higher rate of interest than can be obtained in regular channels, are convertible in times of panic, and the land back of them, in the language of real estate agents, neither runs off, burns up or rots.

There is some fear expressed in certain quarters that land is selling too high: for more than it is worth. This may be so if the land is poor in quality and is selling at a price beyond its productive power, as is the case in some localities. But I think it a safe proposition that an investment in good farming lands is as safe as an investment in government bonds. It is possible to imagine that something may happen which will impair the nation's credit, and its bonds be depreciated. In view of the present population of the earth and its rate of increase, it is quite unthinkable that as productive lands as our best should depreciate materially in price. This is especially true of our corn and cotton belts. Of these two most valuable products nature seems to have given us almost a monopoly. Charles J. Murphy, that patriotic Irishman and enthusiastic corn propagandist, declares, as a result of his years of activity abroad in the interest of corn as a food product, his opinion, founded on observation, that each bushel of indian corn contains seventy-five cents worth of bone, brain and muscle, and that there is a man waiting with the seventy-five cents in his hand to pay for it when it is called to his attention. To my mind there is no more profit-

Vice-Presidents for Congressional Districts

I. H. C. Royse, Terre Haute

Oscar F. Frenzel, Indianapolis

Sam'l T. Heston, Princeton

Thos. W. Fleming, Shelbyville

Hugo C. Rothert, Huntingburg

John A. Zuck, Madison

Edgar Witcher, Shoals



able or promising field for the endeavor of especially the corn-producing states like Indiana, Illinois and Iowa, than advertising to the world the food value of our greatest staple.

Now if these lands are in the same class as to security with government bonds, as long as they pay an equal return on the investment they are a good purchase. At the ruling price in our part of the country, one hundred and twenty-five dollars to one hundred and fifty dollars an acre, the land pays easily four and five per cent. on the investment to the owner. That is, he can rent it from five to seven dollars an acre cash rent, or get more by renting it for a share of the crop. Tenants are anxious to get it at these prices, as they find it profitable. This being a much better return than a government bond will yield, it is by no means sure that land has come to its real value as an investment, returns and security being taken into the account.

In the old wet days land rented almost entirely for grain rent. Under improved conditions owners demanded cash rent. Now under still better conditions, owners see "just where they have missed it" when they made the change, and are now trying to get back to the share rental. All of which goes to show that farming is becoming more thoroughly established as a profitable business. I want it distinctly understood, however, that what I say in regard to land as an investment for the banker, does not apply to the bank. The less land a bank owns the better.

The basis of the dealing of the farmer with his banker has not changed, the farmer is still a borrower, the banker a lender, of money. The manner of their dealing has changed radically since the days of the 70s and 80s. Then, in the so-called good old days, the farmer approached his banker with more or less of fear and trembling, the operation being something like this:

Enter the farmer, who, with deferential air, says to the banker: "I haven't sold my corn yet, as I think the price will be better later, and need some money for a short time only. Can you let me have it?" The banker asks: "Who will sign the note with you?" "I don't know," says the farmer; "will so-and-so do?" "Can't you get so-and-so, too?" asks the banker. "I don't know," replies the farmer; "please fill out the note and I will take it and try."

Now this farmer was the owner of acres of the best farming land on earth, but it was unprofitable on account of a lack of drainage. It was mortgaged for all it would carry; he was paying ten per cent. for the money and paid ten per cent. commission to get it, making a five-year loan cost him twelve per cent. per annum. He could farm only a part of it, the higher and drier portions, allowing possibly the major part of it to lie idle, but the while paying taxes on it all.

When he again presented himself before his banker with the note properly signed by himself and the two parties suggested by

the banker, he received the amount of the note less two per cent. a month and departed, feeling that his banker was an exceptionally good fellow to treat him so well.

Now that farmer is still the customer of the same banker, he is living on the same farm and still borrows the banker's money. But, my countrymen, he now comes into the bank with an air, and says to the banker: "I am going to need quite a sum of money this fall. I need only so many hundreds of dollars today, and will let you know when I need the balance." Now if the banker should suggest that he get some one to sign the note with him, he would throw a fit; if he charges him more than six per cent. he will throw several. If this particular banker does not care to accommodate him on his own terms, there is one across the street who will be glad to do it as he very well knows. The idea is that the man who dictates the terms is now on the other side of the counter.

The American farmer is an uncrowned king.

And oh, my brethren, this is exactly as it ought to be. For on the well being of our food-producing communities our prosperity as a nation depends.

A well-fed nation is a nation of optimists, a nation which dares, a nation which in competition with a poorly nourished opponent, is sure to win. It is a pleasure to remember that in this country our greatest cause for fault-finding is that Almighty God pours out upon us such an abundance of all the best things that we cannot make our less favored brethren pay us a high price for them. Of quality and quantity there is no lack; about the prices we get for them there is considerable grumbling.

The foundations of our prosperity are laid broad and deep in the fertility of our soil and the productiveness of our mines and their allied industries. While our farms, mines and fisheries are so splendidly bearing the great edifice of commercial activity which rests upon them, they are capable of an expansion not yet even approximated and can be made a safe and reliable support for many more millions of people and for any amount of real and legitimate commercial activity they may be called upon to support and maintain. However, they cannot, nor should they, be expected to furnish a safe ground for such carnivals of speculation as have their rise in Wall street and find their victims in the credulous everywhere. Speculations that lead to panics can be held in check if the banks will refuse to become a party to them by lending their depositors' money to speculators after a certain limit has been reached.

As I have said before, the maintenance of food producing communities in a prosperous and contented condition is a matter of first importance to the general welfare. It is better for all concerned that any other part of the commercial fabric be disturbed rather

than this. The present condition of our food producers is very encouraging. Our farmers are very prosperous. Very nearly the last man on the list to have a surplus was the farmer. When it came to him he was, as a rule, unprepared for it. Long accustomed to consider himself the helpless victim of the greed of middlemen of all sorts, with the failure of his abortive attempts at co-operation staring him in the face, he did not know what to do with it when he had it. He was impatient to invest it. Suspicious of all investments excepting one, the only one of which he knew anything, he must invest it in land. Having prospered by developing a new country, he must find another new country and further add to his prosperity by developing it.

Thus began the scramble for land. In the outermost parts of the country land was sought out and purchased by these newly rich farmers at an advance in price of double and triple, not because it had ever done anything to warrant the advance but because lands in other parts of the country had made their owners rich. Many of these far off investments have already proven unsatisfactory, and if many farmers had the thing to do over again they would invest in land nearer home or keep the money in hand to use as opportunity offered.

These facts seem to me to have a bearing on the subject of a continuance of the prosperity of our landowners and food producers. If the farmer learns the best use to which he can apply his ever increasing surplus for the benefit of his business, it may become a power in advancing the prosperity of the class upon whom we are all dependent for the necessities, and who in turn will become large users of the luxuries of life. For instance, he may learn by and by that in a large city there is never as much as thirty days of provision on hands. That with all its cold and other storage capacity it cannot have at one time enough of his products to keep its inhabitants from starvation for a month.

This premise having long been established by investigation, and being undisputed, should furnish the basis upon which, with a liberal surplus at his command, he could build by co-operation a most satisfactory condition for himself and his fellow tillers of the soil. It is claimed that the farmer is so constituted that he will not stick to an agreement. However, he is not so different from other men but that if he can be made to see clearly that profit is the plaster he will stick all right. The full-handed farmer may get the notion that a fine use of his surplus would be to loan it at a fair rate of interest on bills of lading secured by the produce dead, and chattel mortgage on the live stock of his less forehanded brethren, and to hold the same in the country till a satisfactory price can be obtained in the city. By this means he may be able to transfer the activities of the boards of trade and of commission merchants

to his own country roads, and be allowed to make the price on his own stuff instead of letting grain speculators and commission merchants do it for him. Such action on his part would be altruistic and at the same time as good for self-protection.

Apropos to this, we read in the Chicago papers of Saturday, October 27th, in flaring head lines: "Farmers ask Union's help. Delegates from five hundred thousand farmers here in campaign for dollar wheat. Want labor union as ally in fight." This means that delegates from the American Society of Equity were in consultation with the labor leaders in Chicago to see if some sort of organization might not be effected by which common cause would be made between labor organizations and the farmers. Such reading matter has become quite common within the last thirty days and it looks as though the consummation of the plan might not be so far in the future as we might think. There are many evidences that the prosperity of the farmer has come to stay. With his firm hold on the food supply and with abundant capital at his command he will be fully able to hold up his end of any contract into which he may enter with labor organizations.

It is certainly the part of wisdom to take the farmer into the account when trying to forecast the future.

Assistant Commissioner Clark of the United States Fish Commission says that the higher price of meat is an evidence that population is increasing; that more land is being used to raise grain and vegetables for its support; that large tracts of land for the profitable raising of flocks and herds are no longer available because settlers are taking possession; that lands which were considered fit for pasturage only in the past are proving pleasant and profitable places of residences; that this movement will continue till every available acre will be utilized for food-growing purposes, and we shall have to look entirely to the water for our meat supply.

This may seem a far cry to us now, but we are presented with a very palpable reason for believing it every time we purchase a beefsteak for dinner.

A labor agitator summing up the differences between labor and capital said: "It is not that the laboring class hasn't a sufficiency of warm and comfortable clothing, it is because you wear velvet; it isn't that the laboring man and his family have not a sufficiency of wholesome food, it is because you eat pie."

We all like pie, and palsied be the hand and hushed be the tongue that would do violence to this toothsome mass of indigestibility, the great American pie. To the end that ours may continue to be the nation, par excellence, of pie eaters, let us wish the farmer and his right-hand man, the country banker, well, for as it fares with them, so will it be with us all, well or ill.

As the world improves the opportunity for real individual

success widens—not money success, but the success of service which brings all the material reward necessary for human happiness and content. There is a real demand for “captains of industry” who will work for service, and not for pay. Shams are being exposed, mere money is losing its power over men. Character is now the prime requisite. The world is really growing better, perceptibly so. The higher standards of conduct which we each now set for ourselves tell us this is so. To be optimistic, cheerfully so, is the duty of all. To lend a hand in every good cause, to help while we may, is the motto of the country banker.

“I’ve toiled with the men the world has blessed;
 I’ve toiled with the men who have failed;
 I’ve toiled with the men who strove with zest,
 And I’ve toiled with the men who wailed.
 And this is the tale my soul would tell
 As it drifts o’er the harbor bar:
 The sound of a sigh don’t carry well,
 But the lilt of a laugh rings far.”

(Applause.)

THE PRESIDENT: Gentlemen, we will next be favored with an address on the subject of “Benefits of Association Membership,” by Col. J. D. Powers, vice-president of the American Bankers’ Association, of Louisville. It affords me pleasure to introduce Col. Powers. (Applause.)

Address of Col. J. D. Powers

COL. J. D. POWERS: Mr. President and gentlemen of the Indiana Bankers’ Association—I have striven for many years to get to Indianapolis to attend a Convention of the Indiana bankers. More than six years ago I accepted an invitation to come here and attempt to address this Association. Unfortunately, however, I failed, and I came very near doing so this time—not because of a lack of desire to be with you, but by reason of conditions which prevented me getting away so as to be here yesterday.

This morning, while I was down in the lobby of the hotel, I met your secretary, a very delightful man, and I was glad to see him. He said, “Colonel, aren’t you going up? It is pretty near time now.” I said, “Well, we had a big snowstorm in Louisville yesterday and I am feeling very unwell and am going into the drug store to get some medicine, but I will be up by the time the prayer is finished.” “Oh,” he said, “but we don’t have any prayer the second day; we did all the praying yesterday.” (Laughter.) I said, “My dear sir, how is that? I don’t understand at all. Don’t you open with prayer every morning?” He said, “No; you know we are opposed to bankruptcy and we thought it might bankrupt

the thrown of grace to draw on it so often, so there is no prayer this morning at all." "Well," I said, "there is one consolation: if I don't get up there at all my dear brother Durham will say enough for us both, and so I won't be missed." (Laughter.)

So I am here before you, gentlemen, because I want to be, and because it is a delight to look into your faces and see the men who stand for so much in the great state of Indiana. Really, gentlemen, there is another reason, private between Durham and myself. I had an engagement with him to show him how his farmers over in Illinois can convert that corn into seventy-five cents in a very easy way; we do it over in Kentucky, by a little process. (Laughter and applause.)

But seriously, gentlemen, I was so impressed by what he said of the farmer and the banker, that I was reminded of an incident of my earlier youth—I am still young. I was out in the country down there one day, and as it drew near dinner time, I went to an old farmer's place and I said: "Mr. Lane, I have come over to see you and take dinner with you." He said: "Well, I reckon you had better stay to dinner, as you are here; and I think I can make some use of you." After dinner he said to me: "Well, what are you going to do in life?" I said, "Well, I don't really know; I have been thinking of a number of things; I did think some of starting a bank." "Well," he said, "that's a good thing, that's all right; but if you get a bank be careful about the strata." And I said, "Why, I don't understand you; what do you mean?" He said, "Well, be careful to have it even, and have it thick enough; over in Bennettsville they have one, but it has some coal in it, and has a parting of clay, and you don't want anything of that kind." I said, "Well, I am not thinking of that kind of a bank; I am thinking of a bank that people do business with and deposit money in," and he said, "Oh, don't do that, don't do that; that's against the Bible." I said, "How is it against the Bible?" He said, "Well, the Bible says that usury is wrong; don't go into that. Now," he said, "I wish you would make a little calculation for me. I loaned John Perry Sanders two hundred dollars, twenty-two months ago, and he has been paying in partial payments—you can figure in partial payments?" I replied that I could. He said, "Now make this out and make it plain, because he has got about sixteen or eighteen acres of land down there that joins me, and I think there is enough balance coming to me to take that land. He is asking about eight dollars an acre for it." I asked him at what rate of interest he had loaned the money, and he said that he had loaned him two hundred dollars at ten per cent. interest. (Laughter.) I said, "I thought you said you were opposed to usury?" "Well," he said, "but this is a contract between gentlemen, and there isn't any usury in that." (Laughter.) I said, "What about the payments on this loan?"

"Well," he said, "I got a mare and colt from him at seventy-five dollars, and a yoke of steers at forty-five dollars at another time, and three stacks of hay, that amounted to forty dollars; and then I got some fattening hogs from him, at about twenty-two dollars. Now figure it up and see whether I can get that land or not." Well, I figured it out and I said, "I don't think you can get much of that land; there is very little coming to you—only about eleven dollars or so." "Sonny," he said, "there is something wrong there, sure; that won't do." I said, "You told me so and so and that the rate of interest was ten per cent. per annum"—"Hold on," he said, "what about that?" I said, "Ten per cent. per annum is what you charged him as interest." "Oh," he said, "my dear honey, there is where the trouble lays. It is ten per cent. per annum per month." (Laughter.)

Now that is one of those farmers that we have been hearing about. They are up to snuff. (Laughter.)

Gentlemen, I beg your pardon. I was here to read a paper. Let's see, what was it about? About membership in the Association being a good thing. That is what I am here to read about.

It is a truism which early makes a lodgment in our minds that "In Union, there is strength." In the combined efforts of all the banking interests in either city, state or nation, we find not only our greatest strength but largest benefits; not only to the whole, but, proportionately, to the integral parts.

A bank that would attempt to do a purely local business without any outside connections would soon come to grief. It must have its correspondent in the greater marts of trade to make it useful to its customers in the local community. There is an interdependence among banks, as much as in any other trade or calling. The association with other institutions of like interest gives strength and lends character, not alone to the weaker, but also to the stronger members; all alike, working to the same end, for the good of all. No man should seek to live for self alone, for then he becomes a hermit in his selfishness, and his abilities and capacities for good shrink and shrivel until he becomes of no use to himself, and worse than nothing to the community.

In the busy walks of life, none may stand still, without the tendency being backward instead of forward.

Business methods, used by business men, in the pursuit of an honest business, should result in a growing business; which, if pitched upon proper business lines, will make a business success; and if industriously and intelligently pursued, will inevitably result in a profitable business.

A pursuit that is not pursued with faith in its ultimate success, based on integrity, industry and fair dealing, is not worth pursuing.

Honest effort, in an honest calling, brings just reward to honest endeavor. He who would pursue a dishonorable course, to attain a selfish end, discredits the fairness and honesty of his undertaking, and brings reproach upon his calling as well as himself.

To succeed in establishing or pursuing successfully a banking business, the parties upon whose efforts depend success must be thoroughly alive to the intent, purposes and character of the undertaking, discharging their duties therein in a manner to get the approval of their own consciences, to the end that they may be proud of their achievements.

An association of common interests for mutual advancement and protection, using improved methods in which you can trust, and not an amalgamation of interests to form a trust, is the true business conception, and should be the object of all combinations, particularly such as the bankers' associations.

It is worth while, and worth many times its cost, to build an association, which has for its object the improvement of methods of doing a particular business in which all the constituent parts are alike interested; the larger the bank, the more important for its membership; the smaller the bank, the greater necessity for its association with stronger members.

Is your bank solvent? Is it earning a satisfactory net for its stockholders and laying by and accumulating a surplus? These are important inquiries, too frequently answered affirmatively as mere "stock in trade." When you make answer to these questions, are you ready for cross-examination as to the facts? How do you know that your bank is solvent? What do you mean when you say the bank is solvent? Is it in such shape that if put into liquidation its assets could be realized on, according to the undertakings of your debtors, as to amount, interest and time specified? And out of the proceeds could you pay your depositors and all your creditors and divide the remainder amongst your stockholders, paying them their due proportion of capital and surplus? If so, how do you know it? To ascertain the condition of a bank, too often the party inquired of points with confidence and pride to the totals. How many bankers can analyze the items that make up the total and give you a correct idea of its true condition. The best banker is he who has an accurate conception of his own bank, and is capable of making an analysis of the items that make up the sum total; who knows his customers and measures them with a correct standard; who is not afraid to say no, and who knows when to say yes.

There is so little in this life, especially business life, that is new or original, that no man nor institution can afford to try to carve out his or its existence, apart from others likewise engaged. It is not the newly discovered methods which produce the substantial results, but the new combination of old methods that are worth studying, and that produce such fruits as are worth gathering.

Ex-Presidents

A. M. Fletcher, New York, 1897

C. T. Lindsey, South Bend, 1898

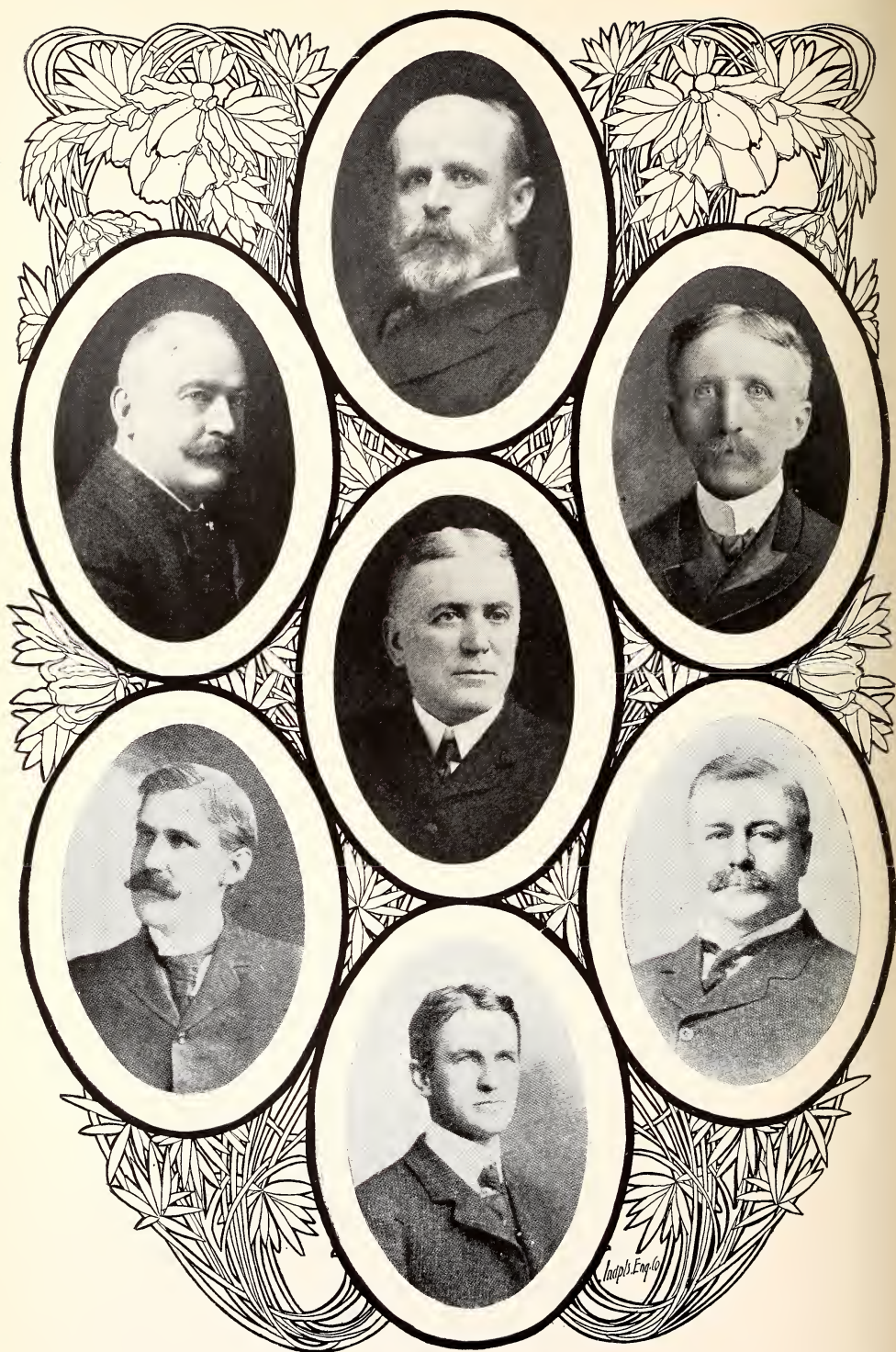
D. A. Coulter, Frankfort, 1899

Hugh Dougherty, Indianapolis, 1900

F. L. Powell, Indianapolis, 1901

R. L. O'Hair, Greencastle, 1902

W. W. Bonner, Greensburg, 1903



Banking as a business and as a potent factor in governmental and social regulations is of great antiquity. The basic principles, established hundreds of years ago, are observed today as cardinal points in conservative banking. As a separate, distinct, and honorable business, having great influence in governmental and commercial affairs, banking was inaugurated and flourished in Babylon long before the Christian era. Later it was taken up by the Romans, and was successively handed down until in the twelfth century Venice exercised a wide influence and held a commanding position in the world, as the outgrowth of its banking facilities which were fostered and encouraged by the government. Later on, through varying conditions, in various countries, a lodgment was made in England, and its development then was rapid; and its twin ally, commerce, was advanced with great energy.

Whilst we should praise our avocation with great conservatism, we should not neglect to appropriate new combinations, which simplify and improve the ways of reaching results, remembering that it is the new application and combination of old principles that make new conditions beneficial, rather than newly discovered ideas.

As in law, so in finance. Lay the legal foundation in the cement of the principles laid down in Blackstone, bonded with the concrete of common sense, and then build your superstructure out of materials furnished by experience and wisdom of later jurisprudence, and you have the wise counselor and safe lawyer. Let the banker study the principles of finance, as exemplified in conservative practices of prudent and careful financiers, building his foundation deep and strong, in the trenches of experience, and select with prudence and caution his customers and their business, avoiding all so-called "High Finance;" learn to look to and study the investment of his principal, rather than looking too avariciously for quick profits and increased interest, by way of increased risk.

That you shall become members of the Association, is not enough. You should take an active interest in all that is done, and seek to help to do that which is for the general good. When you come to a convention, attend upon its sessions, listen to what is said, weigh well the ideas advanced, then digest the whole, and appropriate that which is good, leaving out that which is doubtful, impracticable, or otherwise bad.

The aggregate of bankers in this state, pulling together for a common purpose and working earnestly for its accomplishment before the lawmaking power of the state, would be more potent than any other class of men to be found. Why?

First—They are known for their conservatism, prudence, honesty, good judgment and good citizenship.

Second—Through their officers and board of directors they are the most important and influential men in the state.

Third—They make themselves felt, and largely influence local conditions in every community in which they are located, and collectively can wield an influence and a power greater than any combination that can be formed in any other calling. It is their duty to make themselves so felt, and they can do it most effectively by being in an association with a central head.

Every banker owes a duty to the community in which he lives, to bring about conditions for the betterment of its citizenship as well as trade. And he has no right to "hide his light under a bushel" nor to shirk the responsibilities developing upon him as a good citizen. A committee of this Association should procure the passage of the negotiable instruments act, now operative in 29 states of the Union; by doing so they would confer a lasting benefit upon the entire state, by making *certain* the rights of parties under the law, where now, all is confusion and uncertainty, thus giving a practical illustration of the benefits of association membership.

The general protective feature of the national association of bankers, saves to the thousands of banks composing its membership, annually, more than the entire association fees of all the members combined. As an evidence of the truth of this statement, I refer you to the last report of the protective committee of the American Bankers' Association, which shows that for the past year only 17 members of the association were attacked, and that the entire loss sustained was only \$4,217.03; whilst the number of banks that are without the fold, and not members of the association, attacked were 71, and they sustained a loss of \$99,415.20; and for the last four months of the current year there was not a single member of the association attacked, but there were three attacks made upon non-members, which lost \$5,563.53. What is true of the benefits of membership in the national association is likewise true of the state association, differing, if at all, only in degree. This illustration should be sufficient to convince any non-member of the necessity of joining the national association, and should likewise be sufficient to satisfy any member of the association that the small amount of money required to pay its dues is most advantageously expended, if confined alone to the protective feature of the association.

If you are not a member of the association, and the burglar, forger or swindler attacks your bank, and robs you, you must incur the entire expense of trying to run down the felon and recover your lost money, all of which requires not only time, but money. And by the time the individual bank has set in motion the machinery necessary to bring about the desired result, the scoundrel who robbed it is far away, and has squandered or divided up his booty, so that it can rarely, if ever, be reclaimed. Whilst on the

other hand, as soon as a member bank is attacked, the whole detective and police force belonging to its machinery, that is always available and in working order, is put upon the track, and it is a very rare instance when one of these gentry escapes with his plunder.

In one notable instance last year, a bank in Tennessee lost a large amount in bonds, and was not aware of its loss until it was notified by the agents of the association that it had been robbed, and that the bonds had been recovered and were ready to be restored to it.

It is no exaggeration of benefits to say that the stock of each bank which is a member of the state and national association is intrinsically worth much more than if the bank is isolated and without the benefits and protection of such membership. Therefore, from a purely selfish standpoint, banks which are good, well managed and worthy of membership cannot afford to be without the fold.

This association was formed, and is maintained with a view to promote the general welfare and usefulness of banks and kindred institutions, and it is kept together for the purpose of securing uniformity of action, and to dispense to its membership, practical benefits arising from personal contact and from discussion of matters of import to the commercial as well as the banking interests of the state. It is its duty to secure proper consideration of those customs and laws which affect banking in the state and to safeguard its membership from loss by crime and bring to punishment such criminals as attack, rob, or seek to swindle its members.

Finally, let every banker here present feel that he has a mission—nay! commission, if you please—to go forward and assist in bringing into full association fellowship those banks which are now heedless, unconcerned, or luke-warm as to their duty or the benefits to be derived from such affiliation to the end, that each year, after the splendid showing made at this, your tenth anniversary, you may grow and prosper so abundantly that long before you celebrate your second decade it will be regarded not only as a reproach for a bank to be found in the non-member class, but that it will be such a reflection upon the character of the institution that none will dare to tempt the criticism.

You are to be congratulated on the splendid achievements of your Association; also for the splendid personnel of this meeting, which is guaranty of future usefulness, progress and success.

May your well directed energies for advancement and growth prove a sure harbinger, presaging the fullest fruition of your liveliest hopes. (Applause.)

THE PRESIDENT: Ladies and gentlemen, we have with us today, Hon. Charles H. Treat, treasurer of the United States,

whom I now have the pleasure of introducing to you, and he will now address you on the subject of "Some Glimpses of the United States Treasury." (Applause.)

Address of Hon. Charles H. Treat

HON. CHARLES H. TREAT: Mr. President, ladies and gentlemen—I rejoice that I am privileged to hear such optimistic views; that not only the American banker, but the American farmer, sees today such prosperity, such evidences of accumulated wealth as to give comfort and joy to the home and assurance of the future. This is a time in our American life when we can be optimistic, with substantial banking behind us. It is one of the splendid attributes of Americanism that we always live in tomorrow; that there is so much of this great country of ours, with its marvelous extent, with the energy and industry of its people, that we can always say that there is more in tomorrow than there is in today.

I was never more profoundly impressed with that spirit of optimism of the American, than I was one day while holding office in New York city. Two gentlemen were present, one of whom was a professor who had been born in England, but who had in early life come to this country and mingled with our people on broad lines, and the other was General Clark, who was long on the staff of General Grant. General Clark was the man who counted up the cash of the internal revenue collectors of the country. The professor was sitting by my side when General Clark came in. Both of these men were past seventy-five years of age, and as General Clark came in, he said to me, "Collector, good morning; I came in to count your cash." I said, "You are welcome and I hope you will find the cash all here," and turned around and introduced him to the professor, and they greeted each other as two youths. The professor said, "General, what are your expectations?" "I am," replied the general, "more than three score years and ten; I am the last of my family tree, and I pray God daily that my vigor and strength and my optimism may hold out until I see the grand experiments of the Pennsylvania railroad coming into New York city meet full fruition, because I know what transportation in commerce means, and I know what it means in the uplifting of the individual. After I have witnessed that I shall be willing to go to the great majority." He then turned to the professor and said, "Pray what are your expectations?" Said the professor, "I am not the last, but next to the last, of my family tree; I have vigor as you have; my strength seems unimpaired; my hopefulness is exuberant; every morning I walk down town, five miles, and enjoy the

exercise. I pray God that he may continue me in life, in health and in vigor, that I may see the dream of the statesman, the grand consummation of the American's prayer, that the Panama canal may be completed, that the Atlantic and the Pacific may kiss each other in commercial embrace, and that it may be all accomplished under the flag of my country." (Applause.)

Now gentlemen, what an inspiring thing that is coming from two youths of seventy-five years of age! (Laughter.)

I did not come here expecting that I could add to your interest or to your delight by words of eloquence, because I remember the long line of statesmen that has marked the historic career of your splendid state; I remember in my boyhood your Morton, your Hendricks, your New; I remember the men of today, who grace so splendidly and do such splendid service as statesmen—your Beveridge and your Fairbanks; and I remember with crowning joy that grand statesman, who did not belong to Indiana alone, but to the whole country—Gen. Benjamin Harrison. (Applause.)

I have prepared a few thoughts here on "Some Glimpses of the United States Treasury."

Aside from the attraction that the people have to visit the Congress in session at the Capitol, and seeing there in human action the statesmen of whom they have heard so much and whose careers as lawmakers are so bound up in the progress and welfare of the nation, there also is a large and absorbing curiosity to visit the treasury, around which in their minds they have woven such artistic dreams of enormous accumulations of money.

The treasury building is one of immense proportions, constructed of fine granite, surrounded by great columns of stone reaching from the first to the third story. It is regarded as a very fine specimen of architecture in proportion and perspective, and from every point of view it is a building of great massiveness and architectural beauty.

This department vies with the White House in its interest in attracting statesmen, politicians, men of affairs and tourists. It is well known what a mysterious power there is in money. It seems to pervade the mind of every human being, whether that money is represented by wampum, silver, gold or paper.

The office of the treasurer of the United States is on the first floor of the treasury building, in the northeast corner, and consists of two rooms. In the main, or reception room, are two large windows, facing Pennsylvania avenue, and overlooking a spacious and beautiful flower garden, which is very attractive to visitors.

The walls of the interior of the room are adorned with pictures of many of the former treasurers, conspicuous among which are the following:

Michael Hillegas, first treasurer of the United States under the Constitution. Mr. Hillegas served as treasurer from July

29, 1775, to September 11, 1789. He was born in Philadelphia in 1729. His dress in the picture is of the type of the continental statesmen of that era.

F. E. Spinner, the long famed treasurer under Abraham Lincoln, whose signature gave him world-wide notoriety.

E. H. Nebeker, an Indianian, who received his appointment under President Harrison, and served until the first Cleveland administration.

John C. New, of Indiana. Mr. New served a short term under Grant, succeeding F. E. Spinner. He was afterwards appointed consular general to London, and subsequently served as assistant secretary of the treasury.

J. N. Houston, also of Indiana. Mr. Houston served two years as treasurer under appointment of President Harrison.

Indiana seems to have been favored, inasmuch as one-seventh of the number of treasurers have been appointed from your State. Whether they were more enamored of money than the usual man, or whether their appointments were a delicate and deserved recognition of party service and available talent and experience, I shall not as a short-time biographer attempt to decide.

C. N. Jordan, of New York, whose term of service was by appointment under Cleveland's first administration. Mr. Jordan was one of the great bankers of the period. He was a man of distinguished appearance, charming personality, and conversant not only with the minute but with the large affairs of the treasury. He was tempted to leave it after a short incumbency to establish the Western National Bank of New York. He was afterwards prevailed upon by President Cleveland to take the post of assistant treasurer at New York. He was continued in the same office by President McKinley, and held the post until he died.

A. U. Wyman, of Nebraska, as well as James Gilfillan, of Connecticut, both of whom rose from the office desk to be treasurer, the former under Grant and the latter under Arthur's administration.

Ellis H. Roberts, my immediate predecessor, was appointed by President McKinley, and continued until I as his successor assumed office on July 1, 1905. He gained lasting reputation as a very able editor of the Utica Herald for more than a score of years; also for his effective work in the New York State Legislature, two terms in Congress, and as an appointee by President Harrison as assistant treasurer at New York. He was known as a very ardent partisan and a strong friend of James G. Blaine, and took prominent part in the factional struggles that existed between Blaine and Conkling.

When I assumed the office of treasurer of the United States I took over from my predecessor, after three months' counting of the money and verification by the books, \$1,259,598,278.58 $\frac{2}{3}$.

This vast sum represented only what was in the treasury proper at Washington, and did not include the balances held to the treasurer's credit in the subtreasuries at New York, Baltimore, Philadelphia, Boston, Cincinnati, Chicago, St. Louis, New Orleans, and San Francisco. With this vast sum at the disposal of the treasurer, its management is one of serious and momentous importance. The handling of thousands of millions also has in it an element of uncertainty and peril.

Uncle Sam has not always been a banker. He first set up in business in the issue of currency notes, called "greenbacks," authorized by act of Congress, February 25, 1862. President Lincoln realized that this was a very important procedure, and that its magnitude required the skilled and conservative judgment of a practical banker. He did not look for him in the great cities, but went to the country, in the town of Malone, New York, and there found F. E. Spinner—who was a successful banker in that locality, who had also been a member of Congress—and tendered to him the high office of treasurer of the United States, and requested that he take upon himself the burden and responsibility that it involved, and serve the country as essentially and acceptably in this way as if he were an officer on the field of battle.

Mr. Spinner was known at home as a careful, shrewd, conscientious country banker. He well understood the herculean task that he undertook. Probably no man in civil life, except Secretary Stanton, worked with more diligence or greater attention than Treasurer Spinner for the first four years as treasurer. He soon achieved a reputation as a man of the hour by the ability and energy with which he organized the banking department for the issuing of "greenbacks" and caring for the great war loans and of various kinds of securities that were issued by the government to sell to its citizens. The system that he employed was comprehensive in scope and commanding in the results of safety and success.

Finding himself greatly hampered to secure the services of those who were competent as counters of money, he startled the politicians of the day by the remarkable innovation of installing female employes as "counters of money," believing that with their nimble fingers, quick apprehension, their fitness for detail, and natural adaptation to humdrum tasks, they would prove superior to any new men that he might break in for this purpose. No remonstrance or pleading would turn him from his determination. It was said that this was not a place for women; that all their training and experience were against them; but that men should have the positions, as it would strengthen the party leader to have this patronage at his disposal. Two years after the introduction of women as "counters of money," Mr. Spinner made the following

statement in his report to the secretary of the treasury, the Hon. Salmon P. Chase:

"The experiment of employing females as clerks has been, so far as this department is concerned, a success. For many kinds of office work, like the manipulating and counting of fractional currency, they excel, and, in my opinion, are to be preferred to males. There is, however, quite as much difference in the point of ability between female clerks as there is between the several classes of male clerks, whose equals some of them are. Many of the females are able to accomplish twice as much and with greater accuracy, than some others."

This personnel of women represents a range of extreme old age to extreme youth. They are persons of refinement, high order of deportment, and integrity of character. Many of them represent the lineage of the best blood of the country, whose fathers, brothers and husbands have served with great ability in the legislative halls of Congress and the functions of diplomacy, as well as special appointees of the president. One thing notable is the pride all of them have in their native states and in the men who have attained public distinction. Many of these women boast with as much pride of their appointment under Treasurer Spinner as the veteran public man or soldier boasts of his commission under the great Lincoln.

The first annual report of Treasurer Spinner was in 1861. It was so modest in its production and short in its statements, and yet seemed to be ample to embrace the labor performed and the conditions of his office, that it took up only one small page in his report to the secretary of the treasury. This is in striking contrast with the treasurer's report of today, which in 1904 comprised 165 pages, and has since been reduced (in 1905) to 140 pages. For the fiscal year ending June 30, 1906, the number of pages will be further reduced to about 132 pages.

In the management of the treasury department, which aggregates in its volume of transactions nearly forty thousand millions of dollars annually, embracing the income and expenditures of the government, the issue and redemption of its paper money, and the mintage of silver, gold and nickels, the services of 537 persons are required, not counting the 1,800 other employees in the treasury building.

The treasurer is brought in close connection with 6,262 national banks, besides 8,862 state banks and 743 loan and trust companies, who are frequent solicitors of currency in exchange for other desired denominations, and also for coin.

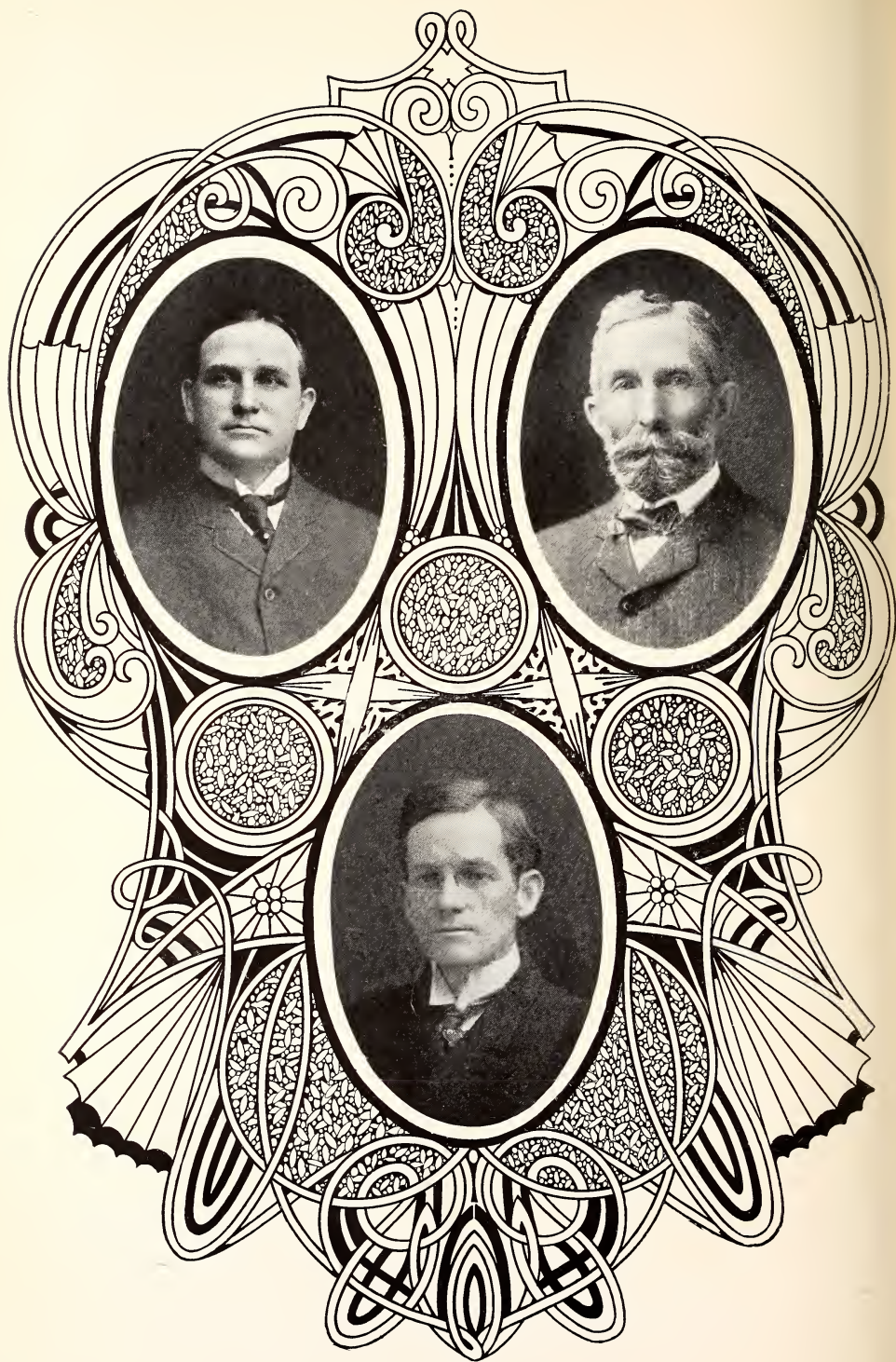
Promptness is one of the important requisites in the treasury department. All correspondence is rapidly distributed to its proper places, and replies are made, if possible, the same day

Ex-Presidents and Ex-Treasurer

A. G. Lupton, Hartford City, 1904-5

C. H. Church, Muncie, 1905-6

J. A. DeHority, Elwood, 1905-6



of receipt. The average number of letters received daily is 750; average number of letters sent daily, 1,600.

There seems to be in the popular mind an indistinct impression, a great haziness of thought, as to the mysterious and ponderous power that controls the daily operations of the United States Treasury. It is overlooked that the men who daily expedite its gigantic business are hard workers, masters of detail, and in many ways counterparts of ourselves.

The minor officials of the United States Treasury, aside from those under the secretary of the treasury, are the following:

Maj. J. F. Meline, assistant treasurer; a veteran of the civil war, who records a service of over forty years in this department, of which for thirteen years he has performed the duties of assistant treasurer of the United States. His position involves great and engrossing cares in seeing that all detail work is properly handled each day and in consultation with the treasurer with reference to the problems that arise in the conduct of the business.

Gideon C. Bantz, deputy assistant treasurer, has been in the government's employ 33 years. He is a very competent person, has rare gifts of administration and remarkable tact. He was recently recommended to the secretary of the treasury by myself as a competent person to proceed to San Francisco and investigate the conditions arising from the great disaster by earthquake and fire, and to assist the local officials in eliminating chaotic conditions and restoring business to its normal pulse.

He was also recently assigned to the arduous task of overhauling and counting up the money in the subtreasury at St. Louis, in which there was reported a deficiency of more than \$60,000. He has the confidence of the department, and when he and his expert force make their reports, they are accepted as a finality upon which to take executive action.

E. R. True, cashier, entered the government service in 1864, and has performed the duties of cashier since 1886. His assistant, W. H. Gibson, is a veteran of the Civil War, and has been in government service forty-two years.

W. F. Warner, chief clerk; in service since 1879; has charge of receipt and distribution of mail, supervision of miscellaneous correspondence; custody of files; general supervision of employes, and acts as disbursing clerk.

D. W. Harrington, chief of division of accounts; in service forty years. He is a veteran of the Civil War. His duties involve charge of receipts and expenditures in the general account of the treasurer of the United States, telegraphic shipments of currency, and accounts with the subtreasuries, mints and national banks.

F. W. Lantz, chief of division of redemption; in service since 1875; his duties involve the supervision of redeeming United States currency. He has a force of 117 minor officials, most of whom are women.

J. W. Lowell, chief of division of postoffice accounts; a veteran of the Civil War; in service 24 years; has charge of the treasury's accounts with the postoffice department. He was born in Indiana, and has shown ability in improving the methods of his division.

George Fort, chief of division of national banks; in service 13 years. He has charge of all the bonds of the national banks that are lodged with the government as security for bank note circulation and government deposits of public money. His is a position of great responsibility, the bonds on deposit in this department for all purposes amounting, on November 1, to \$711,512,025.36 2-3. Many visitors coming to this division request the privilege of seeing the bonds of the bank in which they are interested, and often express surprise how quickly the bonds are produced for their inspection.

C. S. Pearce, chief of division of loans; in service 12 years. He has had large banking experience. He supervises the filling out and remitting of checks for interest on the various loans of the government.

J. O. Manson, chief of division of accounts of issue and redemption; a veteran of the Civil War; in service 32 years. Mr. Manson is the man whom one would call "old figures," as he represents more particularly the statistical work of the department. He is a natural mathematician, and is very much in love with his work.

James A. Sample, chief of division of issue; in the government service 35 years. He has under him 126 employes; receives the daily supply of printed notes from the bureau of engraving and printing, that are completed in this division by affixing thereon the denomination of the bill and the seal of the government. In this department is also received for redemption and exchange all the silver and minor coin. The aggregate value of printed money turned out by this division daily averages \$2,000,000.

Thos. E. Rogers, chief of national bank redemption agency; in service 32 years. Mr. Rogers is one of the notable officials of the department, and has supervision of the redemption of national bank notes.

H. W. Barrett, in charge sinking fund office; in service 28 years. He has charge of affairs of the District of Columbia with the office of the treasurer of the United States. He is an expert in his line, and is an encyclopedia of departmental knowledge.

The treasurer begins the business of the day by the reporting of all chiefs of divisions and by looking over the mail, the

contents of which he is more particularly responsible for. He then peruses the report of the number of new money packages that are received daily from the bureau of engraving and printing. This should be 144 bundles, each bundle containing 1,000 sheets, and each sheet composed of four bills or notes. These sheets are in denominations of \$1, \$2, and \$5 silver certificates, \$10 United States notes, and gold certificates in denominations of \$20, \$50, \$100, \$500, \$1,000, and \$10,000, as the needs of the treasury require.

He then observes the amount of United States paper money sent in for exchange for better or cleaner currency. This usually amounts to about \$2,000,000 daily. Then come the national bank notes, which go to the national bank redemption agency, and average about \$1,000,000 daily.

He next turns to the report to see how much paper money that has been redeemed is macerated and destroyed, and what its denominations are. These amounts, of course, are all tabulated at the end of each month, but the daily operations are watched with the same particularity that is observed in private business.

Visitors are always interested in watching the process of perforating and macerating or destroying currency. The bills go through several hands for exact counting, and then are cut through the middle horizontally, one-half of the package going to another set of counters in the office of the secretary of the treasury, and the other half sent to the office of the register of the treasury.

The destruction of these bills is made in the presence of a committee composed of four persons, one representing the secretary of the treasury, one the register of the treasury, one the treasurer of the United States, and one especially appointed by the secretary of the treasury as a special witness. The substance of the paper is ground to pulp and sold, to be made anew into paper, etc.

In the destruction of national bank notes unfit for further circulation, a committee is also appointed to witness and certify to the maceration of the notes. The committee consists of four persons, one appointed by the secretary of the treasury, one by the comptroller of the currency, one by the treasurer of the United States, and one by the association.

The Treasurer next looks at the balance sheet, to see what is his available cash.

It shows \$150,000,000 in gold coin bullion laid aside for the redemption of \$346,681,016 of United States notes or "green-backs." It also shows \$619,617,869 gold coin on hand on November 1, 1906, against which gold certificates of an equal amount have been issued; also \$477,368,000 silver dollars, pledged for the payment of an equal amount of silver certificates outstanding, and

\$6,912,000 silver dollars of 1890, against treasury notes of a like amount outstanding, and issued for the purchase of silver bullion under the Sherman law. The above sums of money are all reserve and trust funds. The Treasurer's general account, called "free cash," is represented by the following statement as of November 1, 1906:

CASH IN THE TREASURY.
In Divisions of Issue and Redemption.

Reserve Fund.	
Gold coin and bullion in Division of Redemption.....	\$150,000,000
Trust Funds.	
(Held for the redemption of the Notes and Certificates for which they are respectively pledged.)	
—Division of Redemption.—	
Gold coin	\$619,617,869
Silver dollars	477,368,000
Silver dollars of 1890.....	6,912,000
	\$1,103,897,869
—Division of Issue.—	
Gold certificates outstanding.....	\$619,617,869
Silver certificates outstanding.....	477,368,000
Treasury notes outstanding.....	6,912,000
	\$1,103,897,869
General Fund.	
Gold coin and bullion.....	\$109,314,500.65
Gold certificates	43,659,450.00
Standard silver dollars.....	365,062.00
Silver certificates	3,948,551.00
Silver bullion	1,408,337.88
United States notes.....	2,164,867.00
Treasury notes of 1890.....	17,482.00
National bank notes.....	8,649,611.00
Subsidiary silver coin.....	3,506,651.22
Fractional currency	190.54
Minor coin	967,506.48
	\$174,002,209.77
In National Bank Depositories—	
To credit of the Treasurer of the U. S..	\$137,754,457.05
To credit of disbursing officers.....	11,220,889.09
In Treasury of Philippine Islands—	
To credit of the Treasurer of the U. S..	2,319,595.24
To credit of U. S. disbursing officers....	2,410,468.17
Awaiting reimbursement—	
Bonds and interest paid.....	27,759.15
	153,733,168.70
Liabilities—	
	\$327,735,378.47
National bank 5 per cent. fund.....	\$ 23,028,346.48
Outstanding checks and warrants.....	13,826,941.03
Disbursing officers' balances.....	62,130,192.12
Post-Office Department account.....	3,971,719.20
Miscellaneous items	1,477,369.39
	104,434,568.22
Available cash balance.....	\$223,300,810.25

Receipts, Expenditures, Redemptions, Etc.

Receipts—	This Day.	This Month.	This Fiscal Yr.
Customs	\$ 979,899.27	\$ 979,899.27	\$111,224,605.05
Internal Revenue	715,736.90	715,736.90	90,892,758.16
Miscellaneous	274,981.29	274,981.29	16,898,894.14
Total (postal receipts not included)	<u>\$1,970,617.46</u>	<u>\$1,970,617.46</u>	<u>\$219,016,257.35</u>
Expenditures—			
Civil and Miscellaneous....	\$ 240,000.00	\$ 240,000.00	\$ 46,251,287.83
War	120,000.00	120,000.00	42,601,688.20
Navy	100,000.00	100,000.00	33,104,307.23
Indians	90,000.00	90,000.00	6,245,653.64
Pensions	1,000,000.00	1,000,000.00	47,091,170.21
Public Works	310,000.00	310,000.00	25,309,297.88
Interest			9,806,710.40
Total (postal expendi- tures, except postal deficiency, not incl.)..	<u>\$1,860,000.00</u>	<u>\$1,860,000.00</u>	<u>\$210,410,115.39</u>
Excess of receipts ov- er expenditures	<u>110,617.46</u>	<u>110,617.46</u>	<u>8,606,141.96</u>
Receipts last year—			
Customs	\$1,343,335.72	\$1,343,335.72	\$101,980,444.82
Internal Revenue	696,736.87	696,736.87	84,313,309.36
Miscellaneous	112,985.88	112,985.88	13,366,721.34
Total	<u>\$2,153,058.47</u>	<u>\$2,153,058.47</u>	<u>\$199,660,475.52</u>
Expenditures last year—			
Civil and Miscellaneous..	\$ 250,000.00	\$ 250,000.00	\$ 48,297,259.44
War	330,000.00	330,000.00	38,601,675.46
Navy	390,000.00	390,000.00	40,253,576.97
Indians	80,000.00	80,000.00	5,052,327.98
Pensions	1,000,000.00	1,000,000.00	48,839,288.66
Public Works	260,000.00	260,000.00	23,382,880.35
Interest			10,181,995.72
Total	<u>\$2,310,000.00</u>	<u>\$2,310,000.00</u>	<u>\$214,609,004.58</u>
Excess of expendi- tures over receipts	<u>156,941.53</u>	<u>156,941.53</u>	<u>14,948,529.06</u>
National Bank Fund—			
Deposits of lawful money under act July 14, 1890...	\$ 381,665.00	\$ 381,665.00	\$ 9,836,637.50
Notes redeemed and retired under act July 14, 1890...	321,850.00	321,850.00	6,822,278.00
Notes received for current redemption	<u>423,525.00</u>	<u>423,525.00</u>	<u>71,548,789.00</u>
Redemption of notes—	U. S. Notes.	Treasy. Notes.	Total.
	Since 1879.	Since 1890.	
To March 14, 1900.....	<u>\$546,466,414.00</u>	<u>\$103,195,488.00</u>	<u>\$649,661,902.00</u>
Under Act March 14, 1900—			
Redeemed in and ex- changed for gold—	U. S. Notes.	Treasy. Notes.	Total.
To date	103,275,603.00	7,220,423.00	110,496,026.00
This fiscal year.....	3,280,595.00	21,200.00	3,301,795.00
This month	163,400.00	100.00	163,500.00
This day	163,400.00	100.00	163,500.00

While Congress is in session the treasurer's office is likely to be called upon any moment for the most abstruse and extended reports, and it is expected that everything is on tap and that the most important information regarding law and precedent and statistics can be furnished in the shortest possible time. And yet, the men who do this work are what are known, according to their years—65 and over—superannuated clerks. They are men of strong, healthy nerves, and, physically, are better fitted for their tasks than men who have been employed in corresponding capacities in private banking operations. This may be attributed to the fact that they have not had the anxiety and wear and tear on their nerves that come to those in outside work in life, who are subject to so many startling and heartrending vicissitudes. They are regular in their habits, and their philosophic turn of mind has a tendency to keep their nerves strong and make them fitted for particular and important tasks.

At the close of every business day, the chief of each division reports with military promptitude and exactness the condition of his division as he leaves it for the night. If anything is amiss, it is so stated, and measures are taken for a prompt corrective.

The impression is quite general among visitors that we have nothing of absorbing interest except the work of putting money into bundles, counting and redeeming old money and preparing for its destruction, and in remitting to the banks and subtreasuries in return for what they have delivered.

A very notable financier of Philadelphia came to see me one day last summer, and after the usual greetings, I invited him to inspect the treasury. He replied that he was tired looking at money—it meant nothing to him. I told him that we had literary treasures more interesting and famous than any accumulation of money. He said he would enjoy looking at such literary jewels. There was then exhibited to him the warrant by which the Emperor of Russia received \$7,200,000 for Alaska under the treaty of March 30th, 1867. This purchase, at a cost of less than two cents per acre, was arranged by Secretary Seward. The treaty for its acquisition was bitterly opposed by Congress, and General Butler said, "We are buying a collection of icebergs." How valuable this possession has become is well known to all who are aware of its great mineral treasures of gold, copper, lead and coal, besides splendid forests and fisheries.

He was also shown the four warrants, of \$5,000,000 each, paid to Spain through its representative, Jules Cambon, the French ambassador, for the Philippines; also the warrants paying France \$15,000,000 for the purchase of Louisiana Territory under treaty of April 30, 1803; the warrants for \$40,000,000, \$1,000,000 and

\$9,000,000, a total of \$50,000,000, payable to J. P. Morgan & Co., acting as special disbursing and financial agents of the French syndicate and the Republic of Panama, for the purchase of the Panama Canal.

Another interesting object exhibited was the bookkeeping of George Washington with the Continental army, a book that is unsullied on every page, and that is in the old style of bookkeeping, most methodical and artistic.

He was then shown the report of Commissary Gibbs, of the Continental army, wherein is indicated, day by day, the mess that was served to Washington. It may be interesting as well as amusing to you to observe the following under date of July 4, 1776:

	L	s	d
To a leg of mutton - - - -		5	3
To loyne of veal - - - - -		7	
To roasting piece of beef - - -		6	6
To cabbage, beets and beans - - -		5	6
To pease - - - - -		2	
To potatoes - - - - -		2	
To black fish and lobsters - - -		5	8
To cash paid for mending chariot, as per bill - - - - -	1		
To cash for a broom Peter bought some time ago - - - - -			6
	2	14	5

This is very plain living, excellent fare, and economical. The pages of Commissary Gibbs are full of erasures and cross marks—quite distinguished from those of George Washington.

A receipt from Lafayette, very worn, was also shown, of which the following is a copy:

(SEAL) TO THOMAS TUDOR TUCKER,

Treasurer of the United States, Greeting:

Pay to General Lafayette, or order, Two Hundred Thousand Dollars, being the amount allowed him in consideration of his services and sacrifices in the War of the Revolution, pursuant to an act of Congress concerning him, approved 28th of December, 1824. Agreeably to a certificate of the Comptroller of the Treasury, dated January 8, 1825, recorded by the Register, copy whereof is filed in my office. For so doing this shall be your Warrant.
(Dollars, 200,000.)

Given under my hand and the seal of the Treasury, this eighth day of January, in the year of our Lord one

thousand eight hundred and twenty-five and of independence the forty-ninth.

WM. H. CRAWFORD, *Secretary of the Treasury.*

Entered in the Register's Office this eighth day of January, 1825.

JOHN S. HAW, *for the Register.*

Countersigned by

JOS. ANDERSON, *Comptroller.*

GRANT TO LAFAYETTE.

JAN. 11, 1825.

Received payment.

(Signed)

LAFAYETTE.

Right here I wish to relate a very interesting experience that we had with a prince of Abyssinia, who was sent here by his sovereign to get some insight into the commercial methods of the United States and to gain more accurate knowledge in regard to the great wealth which they had heard was stored in the treasury of the United States. So one afternoon, this prince came in with his retinue. He was a very tall man, having the appearance of a Turk, and bowing with a grave salaam, his interpreter opened the interview and said that he came there to ask the courtesy of the treasurer, to inspect the large accumulations of money that they had heard were stored in the treasury. I said to the prince of Abyssinia: "In behalf of the United States, and as Treasurer of the United States, I welcome you most cordially. When I was a youngster I was very fond of geography and at four I knew quite a good deal about the earth's surface; and I remember that Abyssinia was a little yellow spot on the map of Africa. We didn't know much about you then, but when the Suez canal was built and we began to get some of your good coffee, we knew more about you."

He said he was delighted to say that the little spot in Africa had grown in importance, and he hoped that as further communication came between the nations, the geographical spot would seem larger in my mind than it had in my youthful days. He visited the vaults, but he didn't care anything about the paper money. When he came to see the silver his eyes were expansive and his exclamations were numerous, but when we took him into the gold vaults, he asked that the bags be opened, and he put his hands down into them and took up the gold and felt of it, exclaiming, "Allah! Allah! where can it be found like this?" When they told him how many millions were in the bags around, he again wanted to put his hands down into the gold.

We also have a very delightful experience with the brides and bridegrooms that come from the country. They are as careful as they can be to appear very much at home with each other, but the tag marks on them almost always reveal their short acquaintance.

One day a young lady came in, a very bright little brunette, and said she wanted to look into the vaults and look at the money, and I told one of the messengers to take her down into Mr. Gibson's vault, and take out and show her a bundle of money we have there which is seven and a half inches square, and contains forty millions of dollars. Much to her surprise, he said, "This is a good thing to go shopping with," and she said, "Well, how much is it," and when he said it contained forty millions, she exclaimed, "Well, that is too much for the bargain counter!" (Laughter.)

My daughter came in one day and I showed her that forty-million dollar package, and she wanted to know if that was all we had, and I had four other little packages aggregating sixty millions, which I just heaped upon her and she couldn't get away with it. (Laughter.)

Aside from expert detectors of counterfeit money, we have another department that interests all visitors, which is in charge of Mrs. Brown, a lady of advanced years, with white hair and placid countenance,—a type of many of the employes of this department—whose main duty it is to discover the values in charred money. Almost every day deliveries of such money are made for identification as to former values. She is very expert in the use of her magnifying glasses in detecting without much difficulty the values that the charred money represents. Sometimes we have only very imperfect fragments of a bill, but her skill in putting them together is quite remarkable. The department was particularly burdened with this work as a result of the great fire in San Francisco, where so many of the safety vaults proved insufficient in their protection. Mrs. Brown with her glasses and power of discrimination was able to save the larger portion of the supposed loss to the victims. The benefit of a doubt was always given to the applicant, and thousands of dollars were restored to needy hands in this way.

The Treasurer receives daily a great many persons who are introduced by letter or in person, coming from every part of the United States, and, one might say, from every quarter of the globe, besides which there are numerous large parties, numbering hundreds, that come as sightseers, and who go through en masse, as tourists usually do. These visitors are most cordially and generously received, and the guides are instructed to give them all the information possible in regard to the printing of money and the handling thereof. No one comes here without expressing himself as having been highly entertained, and gratified at the opportunity to learn so much about the tremendous financial operations of the United States government, and rejoicing that he is a part of this great American nation. It impresses him with the greatness of the nation and the vast number of national affairs that center in Washington. I believe that such visits are an inspiration to patriotism

and develop a greater love of country. I wish that more American people could find it convenient to come to the capitol than do.

There is often expressed through the press of the country a feeling of anxiety that the paper currency of the United States is not so strongly intrenched, or protected, as that of other nations. I am proud to disabuse this erroneous conviction, because we have the glowing fact before us that we have a larger stock of gold and silver than any country in the world, as the following comparative statement, according to latest tabulations obtainable, will show:

Country.	Gold.	Silver.	Uncovered Paper.	Total Money.	Per Cap.
United States..	\$1,566,619,000	\$685,125,000	\$615,139,000	\$2,866,883,000	33.68
France	1,032,600,000	411,100,000	118,200,000	1,561,900,000	39.94
Germany	922,300,000	209,700,000	213,900,000	1,345,900,000	22.20
Great Britain..	559,100,000	111,900,000	116,600,000	787,600,000	18.02
Russia	965,600,000	81,900,000		1,047,500,000	7.30
Aust.-Hungary.	307,300,000	105,100,000	97,800,000	510,200,000	10.39
Italy	131,400,000	25,600,000	150,700,000	307,700,000	9.26
Japan	69,900,000	43,300,000	98,300,000	211,500,000	4.15
Belgium	30,500,000	24,700,000	111,900,000	167,100,000	23.53
Netherlands ...	36,500,000	56,800,000	51,200,000	144,500,000	26.76
Canada	52,500,000	6,700,000	65,100,000	124,300,000	21.43
Australasia ...	144,400,000	6,100,000		150,500,000	31.35

Of the total stock of money in the United States 49 per cent. is gold, 21.8 per cent. is silver, or 70.8 per cent. metallic. The ratio of paper money is 29.2 per cent.

The resources of Uncle Sam are not only enormous, but they seem to be gathered without any perceptible burden to the people.

Our receipts from customs for the fiscal year ending June 30, 1906, amounted to \$300,251,877.77; from internal revenue, \$249,-150,212.91; miscellaneous, \$45,052,030.99. Total, \$594,454,121.67

For the same period the excess of receipts over expenditures amounted to \$25,669,322.61, as compared with a deficit of \$23,-004,228.60 for the fiscal year ending June 30, 1905.

It was a favorite song of those who liked to use the deep notes of depreciation that the government had a deficit, giving the popular impression that there was not sufficient on hand to pay the current expenses without borrowing, notwithstanding that we had an available balance in the general fund of over \$150,000,000. This belief arose from the hasty misconception of the fact that, while the government might have \$140,000,000 surplus money in its till last year, yet it was spending a little more than its income as compared with current receipts and expenditures. We would not consider a private capitalist in a weak financial condition if, temporarily, he should make miscalculations in his investments and not have quite enough in the bank to meet his current needs, whereas his resources in good securities were equal to and greater than his liabilities. We should also consider that the same carping crit-

ics who think that we are straining the limits of our resources. forget that this government performed a most remarkable financial act when it kept the faith pledged by Congress that when the war taxes levied for carrying on the war with Spain were not needed, the act would be repealed. This pledge was sacredly kept. The first year the government surrendered more than \$70,000,000 in taxes; the next year year \$36,000,000, a total of \$106,000,000; whereas, if the tax had been retained on even one article (beer), there would have been no deficit in receipts as compared with expenditures during the years 1904-5. This fact may be well pondered over, that probably no other nation in the world could have spared even \$20,000,000 of its active income without financial embarrassment. Yet this country has given back to the people \$106,000,000 in two years, and maintains its credit, pays its expenses, and even during the recent depression had not less than \$136,000,000 cash capital in the general fund, notwithstanding that \$50,000,000 had been previously appropriated to defray the purchase of the Panama canal.

I sometimes fear that our public men and the press of the land dwell too much upon the importance of revenue from customs duties, when they fail to consider that the receipts from internal revenue are but comparatively little less than those from customs. Yet very little mention is made of the diligence of the internal revenue system, or of the enormous sums of money that are so quietly and effectively contributed by the people at a cost of about \$1.60 per \$100—almost one-half of the amount expended for the collection of revenue from customs.

QUALIFICATIONS AND RESPONSIBILITIES OF BANKERS.

When we consider the multifarious relations in which the banker stands to his customer, his depositor, his investor, his stockholder, we can appreciate the knowledge essential of almost every form of business requiring money as a factor; and we can see that this responsibility of itself must make him conservative, thoughtful and cautious, because to his ear is conveyed more of the great hopes of success and the despair at failure, than come to the lot of any other member of our business community. His nod of assent may call forth hundreds of thousands most willingly, while his solemn shake of dissent may doom to defeat the best laid plans of promoters or schemers, and save the fortunes of his friends that would otherwise have been impaired or lost.

There is scarcely any business in our human affairs upon which the banker is not consulted; and his opinion is not only forceful, but conclusive. What a large responsibility! and what little return! If the investment results well, the banker is congratulated on his wisdom; if it results poorly, he is blamed for having given bad advice.

But while this responsibility is overwhelming in its care and worry, it must be a source of gratification to the banker that his approval is always sought, his good will much esteemed, and his decision so often respected and followed.

When we recount the marvelous strides that have been made in material wealth during the past two decades, in the product of the farms, the forests, the factories, the mines, we are amazed at the colossal fortunes that these represent.

How wonderful are the advantages that have come to our business life in the last fifty years, in the assistance that we derive from the telegraph, the telephone, and the cable, whereby the confirmation of statements can be speedily tested as to the value of checks or any commercial instrument that may be drawn on banks thousands of miles away, enabling the banker to render a decision in a very short space of time, minutes or hours, whereas in the old days of the stage coach it took weeks and months.

It is not my purpose, in this address, to discuss any of the topics that are now interesting the banking fraternity, such as the unification of the currency, credit currency, asset or emergency currency, for the reason that these questions have been analyzed and discussed by so many competent minds, intelligently and technically, from every point of view, that I wish to postpone the consideration of them until Congress, in the coming session, shall take them up for investigation and, it is to be hoped, with practical legislation.

At the last session Congress was so engrossed in the discussion of other topics, embracing rate, pure food and meat legislation, the Panama canal, our colonies beyond the sea, etc. that it was not in the mood to add to the burdens of its legislative undertakings until some of these questions shall have been settled and out of the way.

It seems that while the American people have the most wonderful capacity to carry on simultaneously many lines of thought, yet, in our legislative life, the paramount, the burning issue is selected. We concentrate our thought and action upon it, and leave other matters neglected until that all-important one shall have been discussed to a conclusion, either by acceptance or rejection. Some matters may suffer by this source, yet, in the end, I think that perhaps better results are secured.

I beg to call your attention for a moment to the pressing matters that today concern the national treasury in its relations to the banks and bankers of the country. For the past eighteen months the inability of the treasury to supply the banks with such small denominations of money as would meet the wants of trade and accommodate the great industrial establishments in making up their

enormous payrolls, has caused a great deal of serious thought as to the defects in our banking system.

THE NEED OF SMALL DENOMINATIONS OF MONEY.

In 1878 the national banks were prohibited from issuing small bills in denominations of ones and twos. The law was further amended in 1900, restricting them to one-third of their circulation in denominations of five dollars. This was done ostensibly in order that the large amount of silver dollars in the treasury might be made useful as a circulating medium.

We are well aware that business interests are growing with remarkable strides, demanding larger and more responsive banking facilities, and the requirement for additional circulating medium has increased to \$33.68 on October 31, 1906, as against \$22.87 per capita at the beginning of the McKinley administration in 1897. When we reflect that in 1800 the per capita was only \$4.99, we can see at a glance the enormous accumulation of our wealth in currency in the past hundred years.

The present demand upon the United States treasury for small notes greatly surpasses its ability to supply them because of lack of adequate appropriation to provide the increased expenses for machinery, labor, etc., so that during the past year the banks have suffered serious inconvenience amounting to distress, because of insufficient currency in denominations of ones, twos and fives. The pressure upon the treasury to secure an adequate amount of small bills has been insistent and tremendous. While at times there might be millions of silver certificates of small denominations held in the treasury vaults, yet they cannot be paid out under the existing law, which is mandatory, unless in exchange for silver dollars, or in exchange for larger denominations of silver certificates.

The seriousness of this condition was very apparent to the secretary of the treasury and to myself. It was seen that an urgent appeal must be made to Congress, that some modification should be made to the law.

RECOMMENDATION FOR THE ISSUE OF SMALL DENOMINATIONS OF GOLD CERTIFICATES.

On page 25 of my report for the year 1905, I recommended as follows:

"It is the duty of the government, under existing laws, to supply the greater part of paper currency required and to recognize the needs of business in denominations to be issued."

I also made the following suggestion for the consideration of Congress:

"First, gold certificates may be authorized for \$5 and \$10, instead of restricting the issue, as now, to \$20 and above; second,

the national banks may be permitted to issue any part of their circulation in \$5 notes by the repeal of the provision allowing only one-third of their respective totals in that denomination."

At the last session of Congress I had repeated conferences with Mr. Fowler, chairman of the committee on banking and currency, as well as with the secretary of the treasury, with the result that a bill was formulated on these lines by Mr. Fowler and presented to the committee. It received its unanimous support, passed the House under suspension of the rules, and was sent to the Senate to await their action.

Now, gentlemen, if that bill passes within sixty days the treasury will be able to give you all the small bills of any denomination that may be required. (Applause.)

SILVER CERTIFICATES OUTSTANDING.

According to the report of October 31, 1906, we have outstanding the following:

Denominations	Amount
One Dollar.....	\$104,722,957
Two Dollars.....	49,527,390
Five Dollars.....	295,511,972
Ten Dollars.....	15,182,821
Twenty Dollars.....	9,134,080
Fifty Dollars.....	2,199,860
One Hundred Dollars.....	992,420
Five Hundred Dollars.....	38,500
One Thousand Dollars.....	58,000
Total.....	\$477,368,000

To supply the treasury with certificates adequate to meet the demand made upon it, it is proposed in this bill (H. R. 13566) to issue gold certificates of the denominations of five and ten dollars, as well as twenty dollars and above that denomination. The five dollar gold certificates will be used to retire the five dollar silver certificates as they come to the treasury for redemption; and other business channels will be supplied with gold certificates of the same denomination, say to the amount of \$50,000,000, thereby releasing \$50,000,000 silver, represented by the silver certificates retired.

These silver dollars could then be used as a basis for issuing smaller denominations of silver certificates of ones and twos, and satisfy in a large measure the demand for smaller denominations.

The total amount of national bank notes outstanding on October 1, 1906, was \$573,903,108, of which \$86,369,245 was in denomination of \$5, as against \$191,301,036 allowed under the law, making a deficit in the normal supply of more than \$104,000,000 in \$5 notes.

I am aware that many national banks are reluctant to go to the expense of making more five-dollar plates, and besides add to the expense of redemption and expressage, because the five-dollar notes are redeemed much more rapidly, being at the rate of 71 per cent. annually, than those of the larger denominations, which are at the rate of 65 per cent. annually, the smaller denominations being in more active service and becoming sooner worn out and unfit for use.

We must, however, rely largely upon the national banks for further addition to our circulating medium. We need not expect that the United States government will make further purchase of bullion for coinage into silver dollars to increase the volume of silver certificates; therefore, this matter should very seriously engage the attention of Congress.

NECESSITY FOR INCREASED SUPPLY OF CLEAN CURRENCY.

Another question of engrossing importance is the insistent and growing demand that the government shall take such steps as will insure an adequate supply of clean paper currency, not only because of sentiment and convenience, but because of sanitary protection.

This condition of unfit currency has been growing more and more aggravating each year, for the reason that appropriations had not been made by the government for an adequate supply of machinery to print a sufficiency of bills, or to pay for the cost of paper, printing, issuing, bundling, expressage and redemption, which neglect caused the retention in circulation of so many unfit notes. It is well known that expressage is paid only one way in remitting to the banks, and the banks in subtreasury cities have an undue advantage over those communities that are not in touch with, or cannot avail themselves of the facilities of the subtreasuries in getting clean money in such denominations as they require (free of express charges).

Three bills were introduced at the last session of Congress for consideration of the committee on banking and currency. The success of this legislation would result in giving the suburban banks the same opportunity, with no increased expense, to get their supply of new and clean currency as cheaply as is afforded the city banks within the convenience of subtreasuries. This may be attained by regulations whereby remittances can be sent by registered mail, at a nominal cost, with insurance on the same, so that banks remotely situated can supply their customers with a clean and sanitary currency without being required to pay an almost prohibitive sum for so doing.

Information as to the cost that a full supply of clean currency would involve has been furnished by the treasurer to the secretary of the treasury and the committee at their request. It was found

that the total cost of supplying all the United States currency was \$2,706,762.06, and the cost of redemption and maintenance about two-fifths of one per cent.

An estimate was made, based on the experience during the years 1882 and 1883, when Congress had appropriated \$48,000 annually for two years for the redemption of all unfit and unclean currency, that the increased cost was about 25 per cent. This was evident when the appropriation was suspended, as the decline in the redemption averaged about 25 per cent. If this be a correct assumption, the extra cost would be one-fourth more than the present cost, which would require an expenditure of \$606,201.30.

The public believe this is a small expense as compared with the gross cost, and it would satisfy a strong and growing sentiment that our currency should be acceptably clean rather than unfit and unsanitary.

Legislation may not be accomplished this coming session, but if the people maintain their interest in this subject, Congress will no doubt give it most careful consideration. The profit to the government accruing from the loss in currency not redeemed approximates millions of dollars, and it is felt that the government can well afford to satisfy this reasonable demand of the people.

USES AND ABUSES OF THE SUBTREASURY.

To the public mind, the existence of the subtreasury is one of the last relics of important democratic legislation that have stood the test of time. President Jackson deemed the public deposits unsafe in the custody of the United States bank and other local state banks of the country. Speculation had run riot, not only in lands, but in commodities as well, until credit was greatly extended on a paper basis, with only one dollar in coin to four of paper. President Van Buren, deeming this condition unsafe for public deposits, took measures for the establishment of an independent treasury, whereby the deposits of the government were in its custody and under its control.

The first act of Congress establishing a subtreasury was passed July 4, 1840, repealed August 13, 1841, and re-enacted August 6, 1846, since which date it has remained in successful operation, vindicating itself through sixty years of experience.

Mr. Fowler, the distinguished chairman of the committee on banking and currency, introduced at the last session of Congress, a bill relating to banking affairs, in which authority is given to the secretary of the treasury to deposit in national banks selected as United States depositories, all sums received from customs, except that there shall be retained in the national treasury not less than \$50,000,000 as an available balance. This modification is made to eliminate many of the objections raised against the system of subtreasury operations in locking up currency.

Ex-Secretaries and Ex-Treasurers

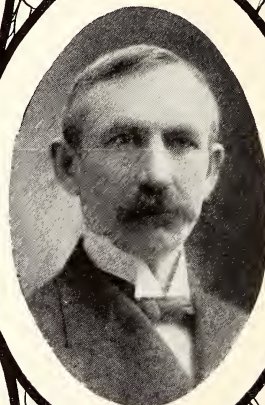
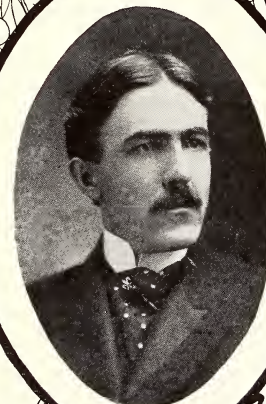
Mord Carter, Danville, 1897

S. A. Morrison, (deceased), 1898 O. M. Packard, Indianapolis. 1899

Chas. L. Farrell, New York, 1900-3 Chas. E. Coffin, Indianapolis, 1901-3

W. H. Thomas, Royal Centre, 1904

H. K. Scott, Angola, 1905



Amos E. Co.

While some of the criticisms against the subtreasury system may have a basis in fact, yet it must not be forgotten that since Andrew Jackson's day, not only have the monetary affairs of the country been conducted on a colossal scale, but the system and methods of banking have utilized the great inventions of the telegraph and telephone, whereby transfers by wire of enormous sums of money from the great business centers of the country are managed as easily as and more safely than the transfers of money by messengers from one bank to another in the large cities. This, of course, could not have been foreseen in his day. It was only a few months ago that the government, in two weeks, transferred to the subtreasury at San Francisco more than \$40,000,000 in sums of \$100 to \$3,000,000, at an expense of not more than \$1.35 for each telegram directing such transfer, regardless of the amount. Had not the government these immense sums at its disposal, these accommodations could not be had.

The ordinary transfers of money from the different subtreasuries of the United States average about \$29,638,034 annually, to which must be added the transfers from San Francisco, \$15,738,074, and the extraordinary deposits made on account of the San Francisco disaster of \$39,820,738.44.

Such transfers are not only made in the daily routine of business, but in great exigencies, where incipient panics arise, enormous sums of money have been deposited in one subtreasury for the use of banks located near another subtreasury, whereby in a few hours, millions of money could be made available for the payment of sums demanded by scared and impatient depositors.

A little more than two years ago, when a panic threatened in St. Louis among strong and notable institutions, the fear of capitalists throughout the country was that the uneasiness might spread throughout the large centers and produce a general feeling of distrust, thus precipitating a run on deposits among other banking institutions. A few bold, strong capitalists in New York called each other up on the telephone, and suggested that a pool be formed to pledge support to the St. Louis banks to the extent of \$10,000,000, and that a part of the amount be deposited at once in the subtreasury at New York for the use of the banks in St. Louis. Millions of money were made available immediately in St. Louis, and the feeling of unrest among the depositors was thereby quelled.

When the government had exhausted its currency supply at St. Louis, it was suggested by Major J. F. Meline, then and now Assistant Treasurer of the United States, "Why not utilize gold?" We have millions of it in the vaults of the treasury at St. Louis." He said that the sight of gold on the counters would stay the alarm among depositors, as it had more magic than paper money.

This suggestion was promptly adopted, and the wonder was that it had not been thought of before. The timely interposition allayed distrust and prevented the spread of panic to other business centers. So, in a similar case, large sums of money were placed at the disposal of Chicago bankers by their correspondents in New York. Funds were supplied from the subtreasury at Chicago, and needed relief was afforded at once.

Such incidents as the foregoing impress the public mind as never before of the great importance of having in reserve large financial resources, always accessible at some place. The accumulation of more than \$300,000,000 in the United States Mint at San Francisco enabled the government, through its transfer system, to lend incalculable aid to the people of San Francisco during the recent earthquake disaster. The saving from destruction of the United States mint seemed providential, for otherwise the large remittances would have had to be sent by express at enormous cost and delay. The subtreasury, that held more than \$30,000,000, was completely destroyed, and no relief could be had from that source. It was more than two weeks before the vaults were permitted to be opened, for fear of internal combustion that might destroy the paper money that was on deposit. Fortunately, on May 28 the vaults were opened, and every dollar of paper money and coin was found intact.

I have not endeavored to make this address a scientific financial compendium, but have merely attempted to make a pen picture of the operation of one branch of our government which always has a charm for our people, and which so vitally represents its character and strength.

The next session of Congress promises to be a most interesting one in the consideration of improvements in our banking system, and providing some elasticity in the emission of currency that will automatically regulate itself according to the demand at certain seasons of the year to provide sufficient funds for the movement of the crops without cost and sudden contraction of credits that would tend to shake or disarrange the business of the country. I will, therefore, forego the consideration of those questions until Congress, through its investigations, supplemented by the labors of some of the largest banking institutions and commercial associations of the country, shall have formulated some plans for reasonably safeguarding the interest of the depositor as well as the bill holder and make our currency laws models for the financial world. (Applause.)

THE SECRETARY: Mr. President, I move you that a rising vote of thanks be extended by this convention, to Mr. E. D. Durham Colonel J. D. Powers and the Hon. Charles H. Treat, for the splen-

did addresses with which they have favored the Association at this morning's session.

The motion was seconded.

The motion prevailed unanimously.

THE PRESIDENT: Next on the program is the report of the Committee on Resolutions, Mr. Francis T. Roots, chairman.

Mr. Francis T. Roots, chairman of the Committee on Resolutions, read to the Convention the report of the committee, as follows:

WHEREAS, The annual meetings of the Indiana Bankers' Association have been of ever increasing interest from year to year and the entertainment of the delegates, and their comfort and every want anticipated by the Committee on Arrangements;

RESOLVED, We extend to the Committee on Arrangements our heartfelt thanks as a token of our high appreciation of their efforts in contributing so much to our pleasure and enjoyment while attending this session, the Tenth Annual meeting of the Association.

WHEREAS, The banking interests of the state of Indiana have grown to such gigantic proportions and the growth of the business has been so unprecedented, resulting in a total deposit in the national banks of \$166,000,000; in the state banks of \$37,000,000; in the trust companies of \$27,000,000, and \$10,000,000 in the savings banks, a total of \$240,000,000 in the state, a gain of over \$100,000,000 in ten years;

RESOLVED, That we congratulate the Association on the splendid attendance at this session and earnestly commend to all bankers of the state the benefits arising from membership in this body, and urge every banker of the state to become an active member and take part in its deliberations.

RESOLVED, That we very much appreciate the untiring efforts of the president, C. H. Church, of Muncie, and Secretary Andrew Smith, of this city, together with the other officers, for arousing the interest of the bankers throughout the state to the importance of organization which has contributed so much to the success of this delightful meeting.

RESOLVED, That we extend to all the speakers our hearty thanks for the able addresses which they have delivered, much to the pleasure and edification of its members, and especially to Mr. L. A. Goddard, president of the Fort Dearborn National Bank, Chicago, Illinois, and Hon. Thomas E. Powell, Columbus, Ohio; Mr. E. D. Durham, Onarga, Illinois; Col. J. D. Powers, Louisville, Kentucky; Hon. Charles H. Treat, Treasurer of the United States, Washington, D. C.; and especially do we commend to the members of this Association for their careful perusal, the most excellent paper, the subject of which, "Loans to Married Women

on Joint Title," delivered by Mr. Charles W. Smith, also the address delivered by Mr. James P. Goodrich, Winchester, Indiana, on "Proposed Public Depository Legislation," both of which addresses were delivered at the meeting of the trust company section Wednesday afternoon.

RESOLVED, We highly appreciate the honor bestowed upon our Association by the selection of one of our number by the American Bankers' Association, in the person of John Perrin, to serve on the Joint Committee of Currency Legislation, and we highly appreciate the able efforts of Mr. Perrin as a member of the committee, now holding its important session in Washington, D. C.

WHEREAS, Since our last meeting an overruling providence has taken Home one of our beloved members, the late Frank L. Powell, formerly of the National Branch Bank of Madison, but later president of the Capital National Bank of this city;

RESOLVED, We will ever remember with kindest feelings his lovable character and hold in highest esteem his splendid service as a successful and upright financier, and a faithful and efficient member of this Association.

Respectfully submitted,

FRANCIS T. ROOTS,
EARL S. GWIN,
W. W. LAYTON,

Committee.

THE PRESIDENT: Gentlemen, what is your pleasure with reference to the report of the Committee on Resolutions?

It was moved that the report be adopted as read.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: The next is the report of the Auditing Committee, and if that committee is ready to report we will now hear them.

Mr. H. K. Scott, a member of the Auditing Committee, in the absence of the Chairman, Mr. Schlotzhauer, read to the Convention the report of the Auditing Committee, as follows:

To the Indiana Bankers' Association:

We, the undersigned Auditing Committee, have examined the accounts and vouchers of J. A. DeHority, treasurer of the Indiana Bankers' Association, and find same to be true and correct.

Respectfully,

H. A. SCHLOTZHAUER,
JOHN P. FRENZEL, JR.,
H. K. SCOTT,

Committee.

THE PRESIDENT: If there is no objection the report of the Auditing Committee will be received and printed in the proceedings of the Convention. The chair hears no objection, and it is so ordered.

Next is the report of the Committee on Nominations, Mr. Frank Griffith, chairman.

Mr. Frank Griffith, chairman of the Committee on Nominations, read the report of the committee, as follows:

To the President and Members of the Indiana Bankers' Association:

Your Committee on Nominations begs to report the following names for the offices of the Indiana Bankers' Association, for the term 1906 to 1907:

For President.....JONCE MONYHAN.....Orleans
For Vice-President.....H. C. JOHNSON.....Seymour
For Treasurer.....JOHN C. SHIRK.....Brookville

For Executive Council, Three Years.

C. H. CHURCH.....Muncie
J. R. VORIS.....Bedford
JOHN C. ZULAUF.....Jeffersonville
F. H. STARK.....Rockville
JOHN H. HOLLIDAY.....Indianapolis

Vice-Presidents at Large.

CHARLES H. JOHNSON.....Waveland
D. C. MOORE.....Green's Fork

For Vice-Presidents.

1st District.....SAM T. HESTON.....Princeton
2nd District.....EDGAR WITCHER.....Shoals
3rd District.....HUGO C. ROTHERT.....Huntingburg
4th District.....JOHN A. ZUCK.....Madison
5th District.....I. H. C. ROYSE.....Terre Haute
6th District.....THOS. W. FLEMING.....Shelbyville
7th District.....O. F. FRENZEL.....Indianapolis
8th District.....RALPH S. TODD.....Bluffton
9th District.....J. D. JOHNSON.....Kokomo
10th District.....DELOS THOMPSON.....Rensselaer
11th District.....JOHN J. HOWARD.....Van Buren
12th District.....J. R. McCULLOCH.....Ft. Wayne
13th District.....H. D. STONER.....Akron

Respectfully submitted,

FRANK GRIFFITH,

W. W. LAYTON,

GUY BRACKIN,

Committee.

MR. FRANK GRIFFITH, Columbus: Mr. President, I move you that the report of the Committee on Nominations be adopted as read, and that the officers named therein be declared elected for the respective offices during the ensuing term of 1906-07.

The motion was seconded.

THE PRESIDENT: Gentlemen, you have heard the report of the Committee on Nominations and the motion that the same be adopted as read. All those in favor of the motion will signify the same by saying aye; those opposed, no. The ayes have it and the motion prevails. The report of the Committee on Nominations is therefore adopted as read, and the officers named therein are declared elected.

As a committee to escort the new president to the platform, I will appoint Mr. Francis T. Roots and Mr. W. W. Bonner. The committee will please proceed to the performance of their duty. (Applause.)

The committee escorted Mr. Jonce Monyhan, the president-elect, to the platform.

THE PRESIDENT: Mr. Monyhan, you have been selected as the president of this Association for the next ensuing year.

In presenting this official emblem of the Indiana Bankers' Association to you, as my successor, it is expected that you will undertake to maintain its dignity and importance and that your earnest efforts and constant endeavor will be to advance the interests of this Association. Assured that the trust could be placed in no better hands, I desire to congratulate you.

Gentlemen of the Convention, it is my pleasure to present to you your new President, Mr. Jonce Monyhan. (Applause.)

PRESIDENT MONYHAN: Mr. Chairman and fellow bankers—I come from a sick bed to try to say some word that will tell you how much I appreciate this very high honor. I have no words that will express to you my appreciation for what you have done for me. I consider it a great honor indeed, to be elected president of such an Association as we have here in Indiana. I would be ungrateful, indeed, were I not to stand here just a few moments and say to you that I appreciate this honor, coming from you to me,

coming from you, some of the best fellows in the state of Indiana, the greatest state in the world. (Applause.)

When I look over this magnificent audience of good fellows, I wonder how it happened that I have been thus honored, when I know there are so many, many men here who are far more capable of performing the duties of president of the Indiana Bankers' Association. But I pledge you now that all my efforts and my ambition will be to so discharge this duty that no one of you will ever have cause to regret having elected me.

Hoping and trusting that the next year's work will be as successful as that of the past year, I again thank you. (Applause.)

And now, Mr. Church, in behalf of the bankers of Indiana, it is my very pleasant duty to present to you this badge of office, as an ex-president of the Indiana Bankers' Association. It is not for its intrinsic value, but that you may take it to your home, that you may wear it upon your lapel, ever remembering that the bankers of Indiana hold you near and dear to their hearts. You have made for us a most successful president in the past year, and our hope is that you may live many, many years to wear this emblem, knowing that it comes from the hearts of the bankers of Indiana, and they will be glad indeed to have you come to the meetings of the Indiana Bankers' Association, where you will always be a welcome guest. (Applause.)

MR. C. H. CHURCH, Muncie: Mr. President, many thanks are due you for your kind expressions of good will, bouquets, etc., which are fully appreciated.

And now, gentlemen, on retiring I desire to assure you that this memento will ever remind me of the high honor of which I have, at your hands, been the recipient, and I congratulate the Association on the selection of so worthy a successor. (Applause.)

MR. FRANCIS T. ROOTS, Connersville: Mr. President, and gentlemen of the Convention—Oftentimes there is a difference between the presiding officer of a convention and the members of which it is composed. On this occasion, however, I am persuaded that we all agree with our worthy new president as to how it happened that he was selected as president of this Association. The only way I can account for it is his good looks and his bald head. (Laughter.) It has occurred to me that out of sympathy, we ought

to pass this sort of a resolution. I know it is sudden, I know he has not anticipated it; and if the very thought of being elected president of this important organization has had the effect to deprive him of his voice, I move you that it be declared the sense and hope of this Convention that his election may restore him to health and a corresponding exhilaration of spirits. (Laughter and applause.)

THE PRESIDENT: Has any one any further business to bring before the Convention before we adjourn?

MR. A. G. LUPTON, Hartford City: Mr. President, as one of our members who is a member of the Executive Council of the American Bankers' Association, will retire this year, I desire to bring before this meeting the matter of his successor, and ask this Association to indorse Mr. Walter W. Bonner, cashier of the Third National Bank of Greensburg, for the position on that council. I would ask the members of this Association to use all possible effort to secure his election. I bring it before the Convention at this time because I want all the members to have plenty of time to look after the matter. I feel that Mr. Bonner would be a great credit, not only to Indiana, but to the Executive Council.

I move you, Mr. President, that the delegates from this Association, to the convention of the American Bankers' Association, be instructed to vote for Mr. Bonner as a member of the Executive Council of that Association. (Applause.)

The motion was seconded.

The motion prevailed.

MR. W. W. BONNER, Greensburg: Mr. President and Gentlemen—I desire to thank you for your kind support, and having that, I will win. (Applause.)

MR. H. C. JOHNSON, Seymour: Mr. President, I desire to call the attention of the Convention to one matter which I think has been overlooked—the group system of vice-presidents of the Association. In order to have that matter considered during the ensuing year, I move you that it be referred to the Executive Committee, with instructions to devise a plan for redistricting the state along those lines.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: If there is no further business to come before the Convention, a motion to adjourn would be in order.

MR. I. H. C. ROYSE, Terre Haute: Mr. President, I move you that the Convention do now adjourn.

The motion was seconded.

The motion prevailed and the Convention adjourned *sine die*.

Proceedings of the

Trust Company Section

Indiana Bankers Association

ASSEMBLY HALL, CLAYPOOL HOTEL,
Indianapolis, Indiana, Nov. 14th, 1906.

The Trust Company Section of the Indiana Bankers' Association met in the Assembly Hall of the Claypool Hotel in Indianapolis, Wednesday, November 14th, 1906, at 2:00 o'clock p. m., with the president, Mr. John H. Holliday, in the chair.

THE PRESIDENT: The meeting will please come to order. The secretary will call the roll.

The secretary called the roll.

THE PRESIDENT: We will now hear read the proceedings of the meeting of the Trust Section of the Indiana Bankers' Association held in 1905.

The secretary read the proceedings.

THE PRESIDENT: Are there any corrections of the minutes to be made, or is there any objection to them? If not, they will stand approved.

We will now hear the report of Mr. Francis T. Roots, Chairman of the Executive Committee.

MR. FRANCIS T. ROOTS, Connersville: Mr. President, you have a partial report of the Executive Committee in the minutes just read. The Executive Committee was charged with the duty of formulating by-laws for the Trust Company Section of the Indiana Bankers' Association and they have been read in your hearing. We were also instructed to prepare a program, which I presume many of you have in your hands. The Executive Committee has performed its duty; as to how well, you can tell later. I therefore move you that the by-laws that have been prepared by the Executive Committee be approved by this Convention.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: Is there anything further, Mr. Roots?

MR. FRANCIS T. ROOTS, Connersville: It might be proper, Mr. President, now, or later, that a committee be appointed whose duty it shall be to suggest officers for the ensuing year. There are three members of the Executive Committee also to be elected. Three members were selected for one year, three for two years and three for three years. The members retiring are Mr. Carter, Danville, Mr. Davis of Goshen, and C. A. Wilding. Then the officers to be elected are president, first vice-president, second vice-president, secretary and treasurer. If it is the will of the Convention that the committee be appointed now, that matter could be attended to while the other work is going on here.

THE PRESIDENT: If there is no objection, I will let the matter stand for a while until more have come in.

Next on the program is the president's address.

The President's Address.

The organization of this Section was a timely act. The development of modern business methods has demonstrated that the acquaintance and information gained by meeting and exchanging views in such bodies as this, are of great value to those engaged in the same business. The old idea of exclusiveness and secretiveness, the idea that any one man possessed ideas so valuable that he must monopolize them, has passed. It has been found that an interchange of ideas is beneficial to all, and that no one will fail to gain something from hearing the experience of others along the same line. To be exact, however, this old idea never prevailed among trust companies, though it did among banks. In my experience, which reaches back to the organization of the business in Indiana, I have never known an instance where the treatment accorded by the officials of one trust company to those of another has not been cordial and helpful. The smallest concern, one perhaps not yet incorporated, can go to the largest with the assurance of getting any information as to methods of work, forms of bookkeeping, charges for services, general experiences, in short anything connected with the business. But while this is true it does not remove the desirability of a closer association, in which we may get together once a year, look into each others' faces and take counsel for mutual betterment. The need of such a body has been apparent to some of you for several years, and I congratulate you now on its

accomplishment. It is to be hoped that every trust company in the state will at no distant day avail itself of the privileges offered by this association.

The trust company business of Indiana, while comparatively young, is no small thing. It is a factor to be reckoned with in the business of the commonwealth and one that is constantly increasing. The first companies were organized in 1893 under the law requiring a paid up capital of \$100,000. The law of 1899, authorizing incorporations in towns of less than 15,000 population with a capital of \$25,000, greatly accelerated the movement. As the state's fiscal year closes with October it is impossible to give the statistics of the business later than a year ago, when there were 66 companies in operation, an increase of five in that year. Since then nine companies have been organized, making a total of 74. The paid capital of the 66 companies was \$6,528,000, with surplus and undivided profits of \$1,600,000 in round numbers and their total resources were \$37,500,000. Their deposits and time certificates amounted to \$12,000,000 and their savings deposits to more than \$14,000,000. It is safe probably to estimate that during the year just ended there has been an increase of 20 per cent. in the business. This constitutes an immense interest, greater perhaps than we realize. Speaking from impression I believe the trust companies of Indianapolis do more business than did the dozen or more banks of that city twenty-five years ago, and as the trust companies do not invade the domain of general banking it is evident that their business has been developed along different lines that do not interfere with the banks.

One of these lines is that of savings deposits. For many years our short-sighted legislators maintained a law that prohibited the establishment of savings banks as effectively as if it had said in so many words that the state would not allow one to exist. That there was great need for them has been shown by the success the trust companies have met with in this field. Almost every company receives such deposits and finds the sum total constantly increasing. The statements as furnished to the auditor of state are surprising in many cases, showing that large sums have been gathered together, often in small towns, and that the communities are being helped by this collection of small sums that formerly were spent or hoarded in such a way as to benefit no one. Now these little rills of savings are making mighty streams that financially irrigate the country and add to the potentiality of its wealth. Capital is thus made available and Indiana is becoming a creditor state, independent of foreign capital and able in large and growing measure to finance her own undertakings. The share of the trust companies in this is not small and with the same relative growth must assume large proportions before many years shall pass. They are

doing for Indiana what the savings banks have done for New England. (Applause.)

In this, as said before, we have not infringed upon the preserves of the banks, but have been a valued ally in the securing of new capital that necessarily inures to their benefit. I am glad to believe that no hostility exists between the banks and trust companies of the state. I have never heard a criticism of the latter by the former except in one case and trust there never will be cause for antagonism. There need be none if we stick to our own lines, which afford ample room for all our skill and energies without invading their field. The wisdom of the fundamental trust company law, and it is one of the best laws enacted by any state, is nowhere more apparent than in the clause that forbids general banking. Possibly the term is not easily defined if one wishes to evade it, but the meaning is clear that trust companies are not to engage in what we more concisely call commercial banking. The trust company cannot afford to take the risks involved in that branch. Its policy is to lend money for longer periods, and it must therefore have fixed and stable security, such as real estate or approved collateral, rather than individual credit. Paying interest on deposits, it is under obligations to no one. It can lend to whom it sees fit, regardless of whether he is a depositor or not. In this way it is again an ally of the banks, relieving them of loans of a character that a banker should not want, thus accommodating the community and strengthening the bank for its proper and legitimate work of providing for the needs of active business in trade and manufacture. In the greater breadth of its field the trust company has decided advantages and it should be content to stay there and not attempt to interfere with the business of its neighbors. Friendliness and good feeling between the banks and the trust companies are especially desirable and anything tending to create antagonism will be harmful and is to be deplored. Let us then try to build up our own business in all legitimate ways, but be broad-minded enough to remember that no one can do all the business there is.

Now that we have formed this association we should get all out of it that is possible and one way to do that is to get everybody interested into it. A little missionary effort on the part of each member and the unfailing interest of each member can easily make the section cover the entire field. I bespeak your help in these things. The committee has prepared a program which looks like "a square meal" and every one is invited and urged to "mix in." Ask all the questions you wish and make what comments you please. If you have had experience and have views on any of the subjects by all means present them and let your light shine that we may bask in it.

THE PRESIDENT: The next address on the program will be by Mr. I. H. C. Royse, President of Terre Haute Trust Co., on the subject of "Trust Company Publicity." (Applause.)

Address of I. H. C. Royse

Trust Company Publicity.

Every successful merchant knows the value of publicity. Of course he knows the importance of keeping a good stock of merchandise, of having competent clerks who know how to treat customers. He knows the value of fair, courteous treatment of all who enter his store. He knows the value of the good will of his customers and of their words to others—that is, of a good reputation. But he is not satisfied with having a good store, competent clerks, good merchandise, the good will of his customers and a good reputation. He wants everybody else to know what he has to offer them. He seeks the greatest publicity in every way, and no one questions his right to do so. All recognize the value and necessity of advertising in his case.

With the learned professions it is different. The lawyer and physician have only their personal qualifications and attainments to advertise. If they advertise other than by a simple card or other announcement of their names, with the nature of their profession and location of office, it must take the form of self praise of one's own personal merit. These professions have taken a stand against it as violating the common notions of modesty and dignity that ought to characterize gentlemen of the learned professions.

In former times many (in fact most), bankers adopted the rule of the learned professions on the subject of advertising. More than a simple card giving the name and location of the bank, amount of its capital and names of its officers, was looked upon as undignified. Gradually, however, bankers came to see that the reason of the rule did not apply to banks. While competent and courteous officers are necessary to the bank, it is not entirely their personal ability and attainments that are to be made known. The bank is an institution much greater than its officers. It must have much more than they to commend it to the public as a bank. Hence bankers have come to realize that the bank must be known to the public, more than its officers, and that there is no violation of the rule of modesty or dignity for a bank to advertise its business. The result is that bank advertising is now the rule. Nearly all banks advertise to some extent. Many banks are great advertisers.

While bank advertising—that is, the advertising of the commercial or national bank—has been recognized as proper and nec-

essary to the highest success in the business, the reasons for advertising by such banks are not nearly so strong as those pertaining to trust companies.

The national and other commercial banks have been so long established and the kinds of business done by them so well and so generally known by the people, that much less advertising is needed. Such banks are so familiarly known by the title "bank," and their character so well understood, that no education is required on those lines.

It is very different with the trust company. It is new. It usually does not have the word "bank" in its name. In fact, banking is only a part of its business, and with many trust companies it is only a limited form of banking that is done. The trust company differs widely from the commercial bank. It is much broader and includes many lines of business other than banking. When our Indiana Trust Company statute was before the legislature, a prominent Senator opposed the bill because, as he said, "It authorized the trust company to do anything and everything except to steal and commit murder."

The fact that the trust company has power to do so many things is understood by only a small proportion of the people. The very name "Trust Company" is confusing to them. They have heard so much about the "trusts" and are so fully convinced of their wickedness, that many are suspicious of any company bearing such a name. Many do not know the meaning of the word "trust" used in the names of our companies. They know what is meant by acting as an executor or administrator or guardian, but do not understand that they are "trust" capacities, and that the funds held by them are "trust" funds.

In most places even intelligent people have only the most confused notions as to the business done by trust companies and as to their ability to serve the people. For instance, some people have trust companies confused with building and loan associations, and inquire "How soon does your company pay out?" and "What are the monthly payments?" etc.

From these considerations it is apparent that publicity is an important subject for trust companies. It will also be readily seen that a very considerable part of it is educational in character.

If the trust companies are to take their proper place and do the work for the public which they are capable of doing, they must be very much better understood by the people generally. The common people ought to be so well informed regarding the powers and work of trust companies that the name itself will carry the idea to them of an institution that is a *bank* and much more than the ordinary bank. A *bank* that not only takes money on deposit and lends money, but one that does a great many things not usually called banking.

The people should be acquainted with the many things the trust company does, and its ability to do them more promptly, with greater skill and with less expense than is usual with natural persons acting in such capacities. It is especially important that they should have clear notions about the work of the trust department and the advantages of employing a trust company in all matters of that sort. When the real character of the trust company and its methods of caring for estates and its economy in their management, are clearly understood, it will be thought of as a public benefactor, and naturally it will get a large part of that class of business.

The savings department and its value to the community require almost as much educational work as the trust department. When we consider the vast proportions attained by the savings institutions of New England, we shall readily see that by proper cultivation this department is capable of being made a very important feature of every Indiana trust company. Their strength in capital and resources will naturally give confidence to the people as to the safety of all such deposits. What we need is for the public generally to know and appreciate what we have to offer them in this line.

This educational work, in every way the most important feature of trust company publicity, is of common interest to all trust companies. All are interested in having the character and functions of trust companies and their value to the public, made clear to the people. Whatever is done by one trust company in this line is a benefit to all.

This work ought to be done quite thoroughly. Each department should be treated in detail and its special value shown. The trust company is a many-sided institution and its benefits to the public are of many sorts, hence an infinite variety of writing may be done about its many features. And an infinite number of reasons may be given why it should be given the preference in all its many lines of business.

Much of this educational work is being done by all trust companies, and the people are gradually coming to know something about them. For this purpose, as in all advertising, the local newspaper can be used to great advantage. The continual presentation through the newspaper, of the work and methods of the trust company, will do much toward bringing the results desired. However, the expense of such advertising seems to prevent sufficient detail in statement. It is difficult to make clear the various features of the trust company and their value without occupying more space in the paper than most companies can afford.

Pamphlets and folders, gotten up in attractive form, can be used to great advantage. It is a good plan for every company to

Officers Trust Company Section 1906-1907

I. H. C. Royce, President, Terre Haute

Gavin L. Payne, First Vice-President, Indianapolis

J. D. Johnson, Second Vice-President, Kokomo

Frank Martin, Treasurer, Indianapolis

Ross H. Wallace, Secretary, Indianapolis



keep a good supply of such literature on hand, at all times ready to be handed out to customers. A carefully prepared mailing list should be kept revised to date and regularly used in the distribution of such literature.

The circular letter, each covering only a single point, regularly followed up by others, is a very effective method. All these should be supplemented by personal explanation and solicitation at every possible opportunity. Difficulty and doubt are often quite easily cleared up in that manner. Every stockholder, as well as every director, officer and clerk, should be thoroughly informed on all matters pertaining to his company, and always be prepared to answer questions about them and to give good reasons for his company being employed in its various lines of business.

In view of the large expense of carrying on this educational work by the several companies, each acting for itself, and in view of the fact that all such work is of common benefit to all, I have tried to think of a better and more economical method, in which all of the companies could co-operate, and by which all of the best trust company arguments on every phase of our work could be gotten to the people at much less expense than the present way.

It occurred to me that this could be done by the publication of a weekly journal especially devoted to trust company interests. Its reading matter would be given very largely to articles and stories explaining and illustrating the various phases of trust company work. Of course some spice in the way of miscellaneous matter would be needed to keep up interest in the paper. Even the stories, however, could be made to illustrate some feature of our work. In this way the most complete explanation could be made of everything needed to be known about trust companies. Their value to the public would be emphasized week by week. It seems to me that this continued weekly presentation of the matter would certainly be of more educational value to our companies than the present hap-hazard method, and that it could be done at very much less expense.

HOW TO DO IT.

Let a corporation be organized with capital sufficient to handle the enterprise, all the stock to be taken by our Indiana trust companies, the same to be apportioned among them in some equitable manner. In that way all would be interested in the financial results. The printing could be done under contract by some good printing house. The paper should be of the best, and the workmanship of the highest class, so that the paper would be attractive in appearance. The editorial management should be given to a man of ability, especially qualified for that particular work, with authority to call to his aid experts in trust company and savings

bank matters. The paper should be made of such general interest that it would be a welcome visitor in most families.

Of course much of the expense, after the first few numbers, would be expected from advertising patronage. The advertising space would be open to all legitimate lines of business, but of course the trust companies would take a considerable part, for which they would pay at regular rates. The subscription price would be made so low that it would be easy to get subscriptions, and thus make it practical to place it in a large proportion of the families of the state. The trust companies would act as agents and look after the subscription lists in their several localities. Solicitors could be sent out to make a complete canvas of all families likely to be interested. These could be paid by a percentage of subscription money received, or their services might be compensated by the several trust companies in return for the benefits received by the company because of such increased circulation of the paper in its vicinity. In this way a very large circulation is possible, one that would make the advertising space of the paper quite valuable.

If all our companies would take hold of it in the spirit I have indicated, I believe a great success would be assured, and in that way trust company publicity would be accomplished in the most thorough manner, at the minimum of cost. I make the suggestion with the hope that it will provoke discussion and possibly result in some plan for co-operation by the companies in educational publicity.

When this educational work is well accomplished, the trust companies will be on an equal footing with the National and other commercial banks in the matter of publicity. And, of course, like other banks, the trust companies, each for itself, will find it profitable all the while, to do a liberal amount of advertising of their special claims for business. (Applause.)

MR. FRANCIS T. ROOTS, Connersville: Inasmuch as that paper just read by Mr. Royse has to do with the very life, existence and success of trust companies, I would move that it be referred to the Executive Committee with the suggestion that they evolve some scheme in conformity thereto.

The motion was seconded.

The motion prevailed.

MR. J. D. JOHNSON, Kokomo: Mr. President, every once in a while I get a paper from Terre Haute issued by my friend Royse, and I never fail to read it. It is a very entertaining and instructive paper and I have thought that if I could have the date line and the location of the publication of that paper changed,

and a little reading matter applicable to my own association inserted, without being guilty of plagiarism, I would like to steal his paper and use it myself.

MR. I. H. C. ROYSE, Terre Haute: You are welcome to it.

MR. J. D. JOHNSON, Kokomo: There is a good deal of good in this suggestion. I don't know that the details could be worked out just exactly as Mr. Royse suggests, but there is an idea here that is worth following up in my judgment. The most serious drawback that we trust company people contend with now is the lack of knowledge of our business on the part of the mass of the people. The people in my town know nothing about what the trust company is, and I have been trying for four years to pound it into them, and I have not yet been able to get those people to understand what kind of a business we are in. We carry a double five-inch column in three newspapers and change the copy every week, and we have tried to carry on a campaign of education in my city, and I will confess to you that there is dense ignorance yet on the part of my people with reference to the business of the trust company. Wherever we do get a man to understand what kind of a business we are engaged in we get his business, but it is the hardest work in the world to make them understand it. As Judge Royse says, there are a great many people who are as afraid as death of a trust. They have been educated by the politicians and think that trusts are a bad thing, and consequently they think a trust company must be a bad thing. They don't know the difference between them. Now, we do need some general education of the public and if we could have a uniform paper that could be sent to our people, I think it would be of immense value to our business. I differ, however, with Judge Royse in some of the details. For instance, you could never get people to subscribe to that kind of a paper. We would have to subscribe for them. My company would perhaps have to subscribe for a thousand or two thousand of the papers per week, or per month, and we would furnish a mailing list and those papers would be sent direct from the publication office to the people. We would have to make the subscription and pay for it in order to keep within the law. I would like to see this matter referred to the Executive Committee and I would like to see the Executive Committee get busy with it and see if they cannot do some-

thing. I will say for my company that we will furnish our share of the funds to carry it out and we will subscribe for our share of the papers and we will furnish a mailing list of those to whom the paper may be sent. I know that every time your trust company educates a man in this state it benefits my company. People are moving from city to city, and whenever Judge Royse, for instance, educates his people he educates my people. We want the people educated right, and I, for one, am very glad that this idea has been brought out and I would like to help carry it forward.

MR. FRANCIS T. ROOTS, Connersville: Mr. President, the only object I had in moving that this paper be referred to the Executive Committee was this: The trust companies of this state, in spite of the handicap of ignorance, have made wonderful advance. If you have noticed the various statements, it must have impressed you with the confidence the people have in trust companies. If I remember correctly, the last report was had in October, 1905, and compared with October, 1904, the deposits in trust companies were shown to be twenty millions in 1904, and about twenty million seven hundred thousand dollars in 1905. The capital increased in that year from six millions to six millions five hundred and twenty-eight thousand dollars. Now, if you will look over the five savings banks located at Evansville, Lafayette, Terre Haute, South Bend and Laporte, you will find this remarkable condition: While I am very much aware that there are a larger number of trust companies than of savings banks—there only being five savings banks and about seventy-five trust companies—yet the increase in the number of depositors in that year was sixty-eight thousand in the trust companies as compared with only eleven hundred in the savings banks. Or, let us take another comparison. There are one hundred and ninety state banks in this state—private banks, etc.—the combined assets of which are forty-eight million dollars. If you compare their deposits with those of the trust companies, you will find that while they amount to in the neighborhood of thirty-seven millions, yet the trust companies have in the neighborhood of eighty-two million dollars. I only mention that to show that in spite of the ignorance which has prevailed the business comes. Why? You take our public schools. They deal with children—and as president of our trust company, I have found that the way to the hearts of the father and the mother, the brothers and sisters,

is through the children. We have the children coming to our trust company in droves, and they tell mamma and papa about how nicely they are treated and the first thing we know the papa and the mamma, the sister and the brother are doing business with us. As illustrating the ignorance which prevails with reference to our business, let me tell you a little joke that occurred, personal to myself. I was standing in front of our company's building when a rather intelligent looking farmer drove up—and mind you, this was after we had spent hundreds of dollars in advertisements as to what our trust company was doing—and he said to me: "Mister, are you the head of this concern?" I said, "I am its president. What can I do for you?" He said, "I have in my wagon a broken sickle of a mower." "Is that so," I inquired. "Yes," he said, "and I would like for you to give me a new one." "Well," I said, "I am not engaged in the agricultural implement business. If you drive across the street, I think, at the implement store, you can, perhaps, be supplied." "Yes, but," he said, "this is a Deering mower, and it belongs to the trust." "Well," I said, "what has that got to do with us?" He said, "Why there is your sign up there, 'Trust Company' Don't you belong to it?" "Well," I said, "my dear man, this is in the nature of a bank. You know what a bank is. We have people deposit their money in there." And the man drove off reflecting as to what a trust company might mean. (Laughter.)

We have been very successful in the matter of deposits. I made a promise to the stockholders that when we reached a half million, I would give them a banquet, and I am able to state that the deposits have passed the half million mark and the banquet has been given.

Think of one of these trust companies, the president of which is the president of this Association, having in its estate department six millions of dollars! I imagine that those funds belong to estates. Why, you would wait until you were as old as Methuselah before you had such deposits. We don't get administratorships and kindred matters, because the judges are more or less prejudiced against trust companies—I think largely because they don't understand them. I think, however, that much can be accomplished through the method suggested by Brother Royse; not perhaps in the detail that he has explained, but under that general idea. We can have thousands of these papers published by an editor to whom

we could furnish mailing lists, and different topics relating to the trust company business could be discussed through this paper, interspersed with love stories and the like. I imagine that through a system of publicity such as has been suggested, we can very easily carry out this matter of education and I trust that it may be an accomplished fact and that your experience and our experience may finally result in good to us all. Apropos of this subject, Mr. McIntosh—Jim McIntosh by name—bank examiner; some of you may know him—tells this story: Standing in front of the cashier's desk of a trust company was a mother and daughter. The mother said, "I don't know whether I shall put my money in this company or not. I don't understand what a trust company means." "Ah, but I can explain to you, mother," said the daughter; "this is the Farmers and Merchants Trust Company—the farmers and the merchants trust the company!" (Laughter.) And she put her money in with great satisfaction. (Applause.)

THE PRESIDENT: If there are no further remarks on this motion, all those in favor of Mr. Roots' motion to refer this matter to the Executive Committee for action will say aye; those opposed, no. The ayes have it and it is so ordered.

Next on the program is an address by Mr. Gavin L. Payne, on the subject of "Taxation of Real Estate Mortgages."

MR. GAVIN L. PAYNE, Indianapolis: Mr. President, I must first apologize for appearing in the dual role of an officer of the Association and a reader of a paper, but in explanation, I would say that the officers had to do as officers did in the days of '60 and '65—they had to draft men to prepare papers, but the draft does not always bring results, and therefore the officers had to put guns on their shoulders and go out themselves. (Applause.)

Address of Gavin L. Payne

"Taxation of Real Estate Mortgages"

In the last few years the tax ferret has been one of the busiest bodies in Indiana, and from every county come stories of the chagrin of people confronted with bills for taxes covering many years on property which, it is claimed, was concealed from the tax gatherer. Frequently when a property owner dies and his estate comes to be settled in the courts, it is very easy for the tax ferret to make out a strong case against the property owner. Property has been

sequestered chiefly in the form of securities, sometimes in bonds and stocks, sometimes in real estate mortgages on property in counties distant from that in which the holder lives. On the records of Indiana counties are many mortgages which are held in the name of people living outside of Indiana, and it is a matter of rumor that some of these mortgages taken in the names of people living outside of the state are really owned by people residing in the state. Various outside organizations loan money in Indiana and many of these are exempt from the Indiana taxes. The first mortgage has proven one of the best securities. It gives the holder an opportunity of readily passing on the basis of his security. He can view the property, acquaint himself with values and the maker of the mortgage, and probably arrive at as safe a course of action in the matter of investment as in any investment he might make. Furthermore, the property is there in his own immediate neighborhood, and he feels that he is safe. Should he be forced to foreclose and take in the property, he rests content with the thought of getting it cheap and owning something which he can look after. If he owned a bond of some far off corporation, he would have to rely almost entirely on the judgment and good faith of the man who sold him the bond and he would have very little knowledge of the value back of the security. Out side of the wealthier classes, bonds are not largely held in Indiana, and in those cases where the man of small means owns a bond, he has bought it entirely on the confidence he reposes in the man who sold it to him. If an investor walks into a trust company and asks to have money put out for him, nine times out of ten he would express himself in favor of a first mortgage, were it not for the fact that he realizes, after he has paid taxes on the mortgage, his return will be very small. For instance, if he buys a mortgage in Indianapolis bearing five per cent. interest and pays a 2.15 per cent. tax, his mortgage will net him less than three per cent. He can buy a municipal bond which will net him more than three per cent. and which is non-taxable, and there is no question, of course, that the municipal bond is a far superior security to a real estate mortgage, so there is little market for the real estate mortgage where the mortgage is sold to the investor to be carried in the investor's name. Investors would be very glad to buy trust company mortgages where the mortgages are made in the name of the trust company as trustee. In that way the investor's name does not appear of record, and if he is not particularly conscientious about his dealings with the tax man, he is apt to forget to list the security. When the mortgage is paid off he surrenders his note, which is made payable to trustee or bearer, and the trustee releases the mortgage. In this way the tax ferret is outwitted, as the trust company pays taxes on its capital stock and surplus only. I believe some of the trust companies

are reluctant to sell mortgages under these circumstances except to estates of which they have charge. There is danger of a day of reckoning. The trust company man may satisfy himself by saying that the paper is made payable to bearer; that he sells it over his counter for cash and that his records do not show to whom the mortgage note is sold. Therefore, if the taxing powers wish to tax that mortgage they must find out the man who holds it. Another argument to smooth the conscience is that the trust company often acts as trustee for a large issue of corporation bonds and that it has no knowledge of the hands into which these bonds have passed, that it is no part of its duty to keep a record of the holders of the bonds, and therefore by analogy, it is no part of the trust company's business to ascertain who holds the mortgage note. The trust company arguing thus overlooks the fact that in case of an issue of corporation bonds, the bonds are generally delivered in bulk to the corporation which itself distributes them, and that the trustee in such a case is merely acting in a perfunctory capacity, while in the case of a mortgage the trustee has invested its own funds in this mortgage and the law some day might claim that the trustee was tax dodging by failing to keep a record of the people to whom it sold these notes. As to what the legal powers of the taxing authorities might be in delving into the ownership of mortgages sold by trust companies, I do not know, but decisions nowadays are pretty much along the line of aiding the state in recovering its due from its citizens, and it might be that some day the trust companies would find themselves in an embarrassing position.

It seems to me one of the best sources of profit for a trust company is in selling real estate mortgages. The widow and orphan like that form of investment, and the staid business man, when he has funds which he wishes to remove from speculative dangers, favors the mortgage. I believe the average trust company official can sell in Indiana three mortgages on Indiana real estate where he can sell one corporation bond; I mean by a corporation bond one secured by a public utility or a transportation company. In selling a bond the profit is no larger than the profit would be on a mortgage of the same denomination. But what keeps the market for real estate mortgages from developing? It is the fact that a man will have to return that mortgage for taxation each year, if the mortgage is in his name. Some men, in buying a bond, can put the bond in a box and conveniently forget to list it and there is very little opportunity for the tax collector to discover that bond until the man dies. Part of a mortgage note is the public record and if you forget that the ferret will jog your memory in after years. The country was astonished not very long ago by hearing one very prominent leader express himself in favor of abolishing the personal property tax because it did more than any other agency

in the country to make men dishonest and untruthful. I do not believe the average man who dodges taxes fails to make his returns because he does not wish to pay his fair share of maintaining the public burden, but I believe it is because he feels that so much property escapes its fair share of taxes that he is justified in scaling his holdings down to a point where he pays what he regards as his fair proportion. The man who holds a mortgage also believes very conscientiously that it is unfair for him to pay taxes on the mortgage, the money of which has gone into a property whose owner already pays taxes. If a man has a \$1,000 lot and you loan him \$1,000 with which he builds a house, the owner pays tax on \$2,000 worth of property—on your \$1,000 and on his \$1,000—and the mortgage owner fails to see why he should pay taxes on another \$1,000, making a total of \$3,000 when only \$2,000 is the amount involved in the whole taxation problem.

It would be a very irksome task to ascertain what proportion of the mortgages recorded in Indiana are owned by outside people and what proportion are owned by our own home people, and I have not had the time to make due inquiry along this line, but I believe I dare venture the assertion that almost as many mortgages are owned outside of the state as are owned inside of the state. One man, familiar with mortgages, thought two-thirds now escape taxation. If such be the case, is it fair that the burden of taxation be placed on the home man? Would it not be fair if the burden were placed on all alike? Would not the state be the gainer if some form of taxation of mortgages were devised, which would increase the revenue to the state, prove less costly to the state in collection, and yet at the same time by the very operation of that plan, benefit the borrower? This seems somewhat paradoxical. In my opening remarks I spoke of the market for first mortgage securities and of the profit of trust companies in dealing with them. I did this to make it very clear at the outset that while a new plan of taxing mortgages might be of benefit to the borrower, yet it is from a selfish point of view of a dealer in mortgages that the suggestion of a new plan of taxing mortgages is made. No man yet has been able to devise a uniform method of taxation, and I know how easy it is to attack any plan which may bear even partially on this question. My idea contemplates levying a fixed tax on mortgages, to be a fixed percentage on the par value of the mortgage, the tax to be paid before the mortgage is received for record. In this way the state would not be at the expense of employing ferrets at an enormous percentage of the amount which they recover. No mortgage of any kind would escape taxation, because it could not be recorded nor made a valid document until the tax would be paid and the mortgage recorded. A man from out of the state would have to pay a tax which he does not now pay. The insurance companies would

have to pay a tax. In fact, every individual or institution loaning money in the state of Indiana would pay just as much tax as the widow who put her own scanty funds out in what she believed to be a safe investment. Even in many cases where mortgages are returned for taxation, the holder does not return the mortgage at its par value. It is a debt on which he feels he is entitled to place a valuation. He says to himself: "Perhaps the man who owes me will not pay, so how can I consistently say that it is worth par? Perhaps it is only worth fifty cents on the dollar. How do I know?"

That's what the holder says to himself; and it has been held that where the assessor accepts the valuation placed on personal property by the owner the question cannot be subsequently raised as to whether that valuation was fair. He knows, too, that real estate scarcely pays over 40 or 60 per cent. of its market value.

Some time ago I had occasion to invest in mortgages for an estate. In making up the returns for the assessor I returned these mortgages at about 65 to 70 per cent. of their par value, because I knew that all real estate in Indianapolis was assessed at about that value, and I knew that the constitution of Indiana said that all taxation should be just and uniform. When the estate was finally settled and my final report showed the mortgages returned at par, the tax ferrets sought to enforce collection of back taxes. The probate court held that as the township assessor had accepted my valuation several years ago on these mortgages, the tax ferrets could not go beyond the return at this date. But if a fixed tax, to be paid when the mortgage was recorded, were required, there would be no question about one man paying more than any other man. It would be as near a level case of taxation on this form of property as anything that could be devised. It has been asserted that objection might be made to fixing a specified rate of taxation on mortgages which did not correspond to that on real estate, on the ground that one class of property would be favored over another and such a plan would be unconstitutional. Yet, would it be favoring one class of property over another if you should make the fixed tax on mortgages one per cent. on the par value of the mortgage and no further tax to be paid during the life of the mortgage, or at least for five years?

Is it not to be conceded at the beginning that taxing a mortgage is double taxation? Therefore, when you tax a mortgage even for a very small amount, are you not giving the preference to some other property? Two houses may be side by side; one man borrowed \$1,000 to build his house and the other man didn't borrow any. The man who borrowed the \$1,000 has no more property than the man who did not borrow any money. The property on which there is a mortgage, therefore, pays tax on \$3,000, while the

property on which there is no mortgage pays tax only on \$2,000. Supposing a man lives in a house with his son. He has loaned his son \$1,000 to build that house. The son owns the lot; the father owns the mortgage; they live there together; they only have \$2,000 worth of property together, but they pay taxes on \$3,000, while the man who lives next door pays only on \$2,000. I know this argument has been waived aside in the discussion of tax problems for many years, but it will still persist in men's minds when it comes to paying taxes, and it might be that a legislative enactment fixing one specific tax on mortgages, to be paid at the time the mortgage was recorded, would be held constitutional. A gentleman from New York recently told me that New York had tried the experiment of taxing mortgages at a certain percentage each year, but that this was unsatisfactory, and the state was very apt to devise a plan of making a fixed tax payable at the time the mortgage is made. I believe a tax of one per cent. to be paid when the mortgage is recorded and to be the only tax payable during the life of the mortgage, or at least for a period of five years, would be a sufficient tax on mortgages. The argument would naturally spring up that the borrower in reality would have to pay this tax; that the money lender would simply add the tax to the fees to be paid by the mortgagee. It is quite true; the mortgage lender would charge the borrower the fee. If the loan were a \$1,000 loan he would charge him \$10, which would be paid when the money lender filed his mortgage.

But let us look at it in another phase. The money lender finds that he has a mortgage in far better shape than he had under the old plan, that after this tax is paid the mortgage is practically non-taxable; in other words, his investment is a far better investment than he had under the old plan. He can sell the mortgage much quicker. He finds a much better market for that class of security. He tells the buyer of the mortgage that it is non-taxable, and where he would find one buyer now he would find ten under this new plan. What would be the natural result? You probably now would loan \$1,000 at 6 per cent. on reasonable mortgage security. You would not feel that the condition of the money market nor the size of the loan would warrant you in making a lower rate than 6 per cent. That is about the average rate which prevails in Indianapolis on a loan of that size. It has been easy in the last few years at any time for a man with a \$2,500 home, fairly well located, to walk into a trust company or any loaning agency in Indianapolis and obtain a \$1,000 loan at straight 6 per cent. without any commission to be paid by the borrower. The trust company is not taxed on these mortgages. It is taxed on its capital stock, but it loans more than its capital stock in mortgages sometimes. It loans its deposits. Now, if it sells one of these

mortgages to a customer and assigns it on the record, that customer has to pay the taxes. In Indianapolis he would have to pay at the rate of 2.15 per cent. on the par. That would leave him scarcely 4 per cent. and besides he would have to pay a little premium for the mortgage. Yet, if he could buy that mortgage on a 4 per cent. basis and know that it was non-taxable, he would be glad to buy it. Many people would prefer a \$500 or \$1,000 mortgage to a municipal bond, because the time of the mortgage is shorter, and if the county or the municipality is at some distance from the borrower he perhaps would prefer to have a security closer at home, even though it were not so highly rated as a municipal bond.

If a man were to borrow \$1,000 and pay a one per cent. tax, which would equal \$10 on a five-year loan, he would be paying a tax equal to one-fifth of one per cent. The trust companies, I believe, would offer the borrower a lower rate of interest if the mortgage were non-taxable after this first payment. I believe it would be possible for a man to borrow money in Indianapolis at 5 per cent. per annum where he is now paying 6 per cent. on a smaller loan, if this non-taxable feature were attached to the mortgage; and is it not worth while for him to pay the first tax of one per cent. at the time the mortgage is recorded in order to save him one per cent. per annum for five years?

If Indiana were a new state with very little home money, I doubt if any plan to tax mortgages at the time of recording them would be advisable, but the state has reached that period in its development where there is a great deal of home money anxious for investment. I do not believe this plan would bar out the insurance companies from loaning money in the state. I believe they would be just as eager as ever to loan their funds here. They would charge this one per cent. tax up to the borrower the same as the home institutions would do, but they would have to compete with the home money rate of interest. If the man living in Indiana by virtue of having his mortgage non-taxable, could loan at a lower rate than the eastern insurance companies, the eastern insurance companies would have to come down in their rates. The home man would prefer to put his money into home mortgages rather than into eastern corporation bonds, and when he puts his money into eastern corporation bonds now he too often is adding a profit to the eastern insurance company which has underwritten a big issue of the bonds. And because a corporation is a twenty-million dollar corporation it does not stand to reason that its securities, generally issued up to the extent of 70, 80 or 90 per cent. of the value of the property, is any better security than an Indiana mortgage which is only 50 per cent. of the value of the property. We have seen what it is possible to do for municipalities by making

their securities non-taxable. Most of these securities were bought down east and neither the state of Indiana nor any of its subordinate subdivisions received any tax from the holders of these bonds. The situation in respect to the state receiving revenue from taxation on these bonds was not changed any as far as the state's revenues were concerned when these bonds were made non-taxable. The state did not lose a penny in the way of taxes by making these municipal bonds non-taxable, but it did one thing for the municipalities and counties of Indiana: it enabled them to borrow money in the open market cheaper than the municipalities or counties of any other state in the Union. County of Marion bonds have been sold as low as a 3.16 basis within the last year, and I do not know of any other securities in the United States, other than government bonds, that have been sold on so low a basis. This non-taxable law has enabled counties and cities of Indiana to borrow money cheaper than the cities and counties of any other state, and yet at the same time it has not deprived the state of much in the way of taxes, for as I said before, nearly all of these bonds, heretofore, were bought outside of the state of Indiana. Now, if a mortgage were made non-taxable on the basis which I have suggested, I believe such a law would enable the borrowers of Indiana to get their money cheaper and I believe they would get a rate lower than the borrowers of other states similarly developed.

Probably two of the chief arguments that would be made against a law providing for a one per cent. tax on mortgages would be, first, that the borrower in reality pays the tax, and second, that the law would be preferring one class of property over another. While it is true that the borrower would pay the tax, yet he would affect a great saving by paying it, for his interest rate would be lower in consequence of the non-taxable feature of the mortgage which he gave. After all, it is the law of supply and demand which makes the rate. If there is an unusual demand for one class of securities the rate of interest on that class of securities will fall. In the bond market, the market price of bonds generally reflects the demand for the securities. There are good securities selling in the Indianapolis market today at a lower rate than other securities which are no better, and in nearly every case the securities which are selling at a higher rate, other things being equal, are the securities which have been well distributed and thereby are better known; and the same conditions which govern the marketability of bonds would govern the marketability of ordinary mortgages.

If this law, fixing an initial tax of one per cent. and no more, on mortgages were passed, I believe the state would profit very largely in one direction from whence it receives no income now. I refer to the issues of large corporation bonds, bonds of Indiana

corporations. On our industrial corporations it has been a practice of recent years to issue preferred stock, and large quantities have been sold to investors throughout the state, chiefly because it is non-taxable. Preferred stock is by no means a mortgage lien as in the case of a bond. Indeed, it is merely a preference over the common stock and often times where an industrial concern goes to the wall, the preferred stock stands little show after the creditors get through with the concern, for creditors are always ahead of the preferred stockholders. A great many people do not understand that creditors are ahead of the preferred stockholders, but it is true. Now, if one of these industrial concerns issues bonds secured by a mortgage, the bondholder would have a first lien on the entire plant, but it is a little difficult to get people to buy bonds on account of their fear of paying taxes on them. They would prefer bonds to preferred stock on account of the better security. The taxing power, in fixing the valuation of an industrial concern, fixes a certain value on the entire property. If there are bonds on that plant, and the plant itself pays taxes, and the bondholder in turn pays taxes, we have the same case of double taxation that we have in the ordinary small mortgage. The fact that a man has a bond issue on his plant does not obtain for him a lower valuation. So if he has an issue of preferred stock instead of an issue of bonds, the total amount of taxes paid to the authorities would not be as large as the total amount paid if he had an issue of bonds instead of preferred stock, and all the bondholders paid their taxes. Supposing this 1 per cent. tax law were in effect. The man with an industry, wishing to raise money, would issue bonds. He would be glad to pay the one per cent. tax himself because he knows that if these bonds were thereafter non-taxable, the market would be a great deal better for them and he could more readily dispose of them, because they would be non-taxable and because he would be offering the prospective investor a first lien on his plant, ahead of everything. Such a law would make it easier for a man developing an industry to obtain money, and anything which aids an industry in the state of Indiana contributes to the general welfare of the whole people of Indiana. If our corporation bonds were non-taxable, our people would more largely invest in them and as a result the state would acquire greater wealth. Besides, the state would get this initial tax of one per cent. on large bond issues where it does not receive a penny now. (Applause.)

THE PRESIDENT: Gentlemen, the paper is open for discussion.

MR. FRANCIS T. ROOTS, Connersville: Mr. Payne, I would like to ask you if it is your idea that the trust companies should pay taxes on the amount represented by the mortgages. They pay

taxes on their capital and it would be very unfair for them to pay taxes also on the amount of the mortgages.

MR. GAVIN L. PAYNE, Indianapolis: No, this tax would be a tax of but one per cent to be paid at the time the mortgage was offered for record. If you made a man a loan, you would charge the borrower the one per cent tax.

MR. FRANCIS T. ROOTS, Connersville: I don't think it would be right to charge the borrower one per cent either.

MR. GAVIN L. PAYNE, Indianapolis: Well, you could pay it yourself if you wished. If you made a loan at six per cent., and you didn't wish to charge the borrower this one per cent., when it comes to selling the mortgage, I presume you could sell it in such a way that you would get back the one per cent. if you paid it yourself.

MR. FRANCIS T. ROOTS, Connersville: But there are very few trust companies who want to part with their mortgages. I don't think we ever sold one.

MR. GAVIN L. PAYNE, Indianapolis: But I am suggesting this as a new line of business. If you make a loan of a thousand dollars, with all your sound business experience, you feel safe with that mortgage and would have no hesitancy in recommending it to somebody else. You are a merchant doing business and have something on your counters to sell, and upon which you can make a nice profit and at the same time satisfy your customers.

MR. FRANCIS T. ROOTS, Connersville: As it is now a trust company making a loan is not taxed on the mortgage because it is taxed on its capital. An individual, however, is supposed to pay the taxes on the mortgage, if he records it. Now it would seem to me manifestly unfair, for instance, if we made a ten thousand dollar loan, that we, in addition to paying taxes on our capital, should also pay taxes on that ten thousand dollars to the amount of a hundred dollars.

MR. GAVIN L. PAYNE, Indianapolis: It might be a little hard on you to the extent of the mortgages that you buy for your individual investment, but I think that under the proposed plan your business would quadruple, because you would be furnishing a form of investment for the people around you. It is simply a question of a non-taxable mortgage being as saleable as a non-

taxable bond. You can't get enough non-taxable bonds to supply the market today.

MR. ALBERT E. METZGER, Indianapolis: Mr. Payne, have you taken the trouble to get an opinion upon the constitutionality of the plan you propose?

MR. GAVIN L. PAYNE, Indianapolis: No, I have not looked into that feature of it. I asked one attorney with reference to it, in a casual way, and he said he presumed it might be a matter that would rest with the legislature; that certain classes of property are exempt in Indiana—church property, for instance, or property occupied by Masonic bodies, which I believe is provided for in the constitution, however. I have never asked for an opinion upon this. The matter was discussed at some length in New York, and I didn't see the question of the constitutionality raised there, and I think that the situation here might probably be similar to that in New York.

MR. SAMUEL DICKINSON, Richmond: Mr. President, I have enjoyed this paper very much, indeed. It is a matter that I have studied a great deal and I think that coming from a trust company officer it is the most magnanimous paper I have ever heard. I think, Mr. President, that under this plan of selling mortgages, we would very rapidly deplete our savings deposits. Our depositors would take the money out of the savings department and place it in mortgages.

MR. J. D. JOHNSON, Kokomo: Mr. President, the trouble I have in my trust company is to keep my depositors from drawing out their deposits and buying mortgages. It is just the thing that I don't like for them to do. I would rather pay them three per cent. and loan the money out at five or six, but my customers are continually coming in and drawing out their money and buying mortgages.

MR. I. H. C. ROYSE, Terre Haute: Mr. President, I think there are some other objections to the plan proposed in this paper. I think that if this proposition were to go before the Legislature with the recommendation of this body and the Legislature were to take it up, the chances are a thousand to one that they would not be content with taxing these mortgages one per cent., but would say, "Why should not the mortgage pay just as much as everybody else pays: if the tax is two per cent. why shouldn't the mortgage

Executive Committee Trust Company Section

Francis T. Roots, Connersville

Hugh Dougherty, Indianapolis

Jas. P. Goodrich, Winchester

Chas. E. Coffin, Indianapolis

J. L. Randall, Greencastle

John C. Jones, Noblesville

Philip Decker, Evansville

L. G. Tong, South Bend



pay two per cent?" I am inclined to think that there would be a power of the Legislature that wouldn't be near so mild as one per cent.

Now for this reason I would be very much opposed to sending this proposition to the Legislature with our recommendation

And secondly, it occurs to me that if you did put a different rate of taxation on it, in all probability the Supreme Court would say that it was discrimination—that you could not make that discrimination in taxation. And on that point you would be out.

I am agreed with Brother Dickinson and Brother Johnson on the proposition of people withdrawing their deposits. I am president of a trust company that did for a while sell mortgages. We very soon discovered, however, that our shrewd savings depositors came in and wanted to buy our mortgage bonds, and that we were depleting our deposits and not helping our profits at all. That has been our experience and I believe that every company would meet with that experience. We have quit selling that class of paper. My company now holds seven hundred and sixty-four thousand dollars of mortgage bonds, which are not taxed to the company, because the law does not require it.

I think it would be a very great mistake for this Convention to recommend the adoption of the idea set forth in this paper. I think it is a very excellent paper and from the standpoint of the citizen wanting to get all the taxes possible, a very good one.

I have a conviction, gentlemen, that the attempt to tax intangible personal property is a failure; that, if you could get the constitution so amended as to exempt all intangible personal property—everything that is capable of being concealed, if you please—from taxation, the result would be a very much greater equality in taxation, because the money that now escapes taxation by concealment, necessarily gives a premium for that concealment. The rates of interest would be lower, the money lender would pay his proportion of the cost of government and there would be greater honesty. If you look over the aggregate deposits of Indiana in the banks today, and if you could possibly ascertain the amount of bonds held by individuals, outside of the banks and trust companies—if you could possibly do that and arrive at the amount of intangible property in the state, you would find, I think, that

there would not be two per cent. of it on the tax duplicates; and the tax ferret is given thirty-five per cent. to enable him to bargain with the county officials to keep property off of the books, on purpose, that he might find it. I do not charge that this is true, but I think there is a possibility of that sort of thing. The result is that we don't get the taxes on a great deal of property and we put a premium on every man to dodge taxation, if he possibly can. The whole scheme of taxing intangible property is a mistake. However, I don't believe that there is any practical value in this discussion, because the people won't adopt my ideas. I am sorry about that. And the people won't adopt Brother Payne's ideas. If they do, they will become very much more radical than he, and do a great deal more mischief than he contemplates.

MR. GAVIN L. PAYNE, Indianapolis: Mr. President, I do not want anyone to be under the impression that I am asking this convention to adopt this. The paper is presented merely in a tentative way. This is merely a suggestion of a new idea and is nothing that I ask the Convention to indorse in any way at all. It is merely an expression of my opinion.

THE PRESIDENT: If there is no further discussion on this paper, we will pass to the next paper on the program. We have been very fortunate in securing as a speaker this afternoon one of the most eminent lawyers of our city, Mr. Charles W. Smith, who will read a paper on the subject of "Loans to Married Women, and Joint Titles." (Applause.)

Address of Charles W. Smith

Loans to Married Women Upon Their Pledge or Mortgage of Their Separate Estate, Real or Personal, and to Husband or to Husband and Wife, Upon the Pledge or Mortgage of Property Held By Them as Tenants by Entireties.

Women (excepting of course mothers-in-law) have always been the favorites of men. Maidens and widows are always entitled to the protection of men, and the gallant man always feels it to be his duty to promptly step forward in their defense. But after a woman has singled out some man as her ideal of manhood and has taken him for better or for worse, until death does them part, the

remainder of mankind, perhaps a little piqued at the preference exhibited for the particular man, are inclined to let him do the protecting and leave her to his tender mercies. And many a man has found to his cost that it is a wise thing to let married women alone.

But here the law steps in for the benefit of the married woman, both as against her husband, and the rest of the world who are inclined to let her abide by the consequences of her choice. *Married* women are the *favorites* of the law and of the courts.

Our consideration of the subject on this occasion lies within a very narrow range.

While Indiana moved early in the way of enlarging the rights of married women with respect to the enjoyment of their separate property and as to their powers of contracting, yet with this enlargement of those rights, it has always endeavored to guard her against undue influence on the part of her husband and protect her against her own supposed inexperience and lack of business sagacity.

Prior to the act of the General Assembly of 1879, she could mortgage her separate estate, her husband joining therein, to secure the debts of her husband or of others.

By the act of March 25, 1879, her powers of contracting were greatly enlarged. She was authorized to bargain, sell and transfer her separate personal property as if she were sole; to carry on upon her own account a separate business, take the profits arising therefrom, and render all her estate, real and personal, liable for any indebtedness incurred in so doing, and she was made liable upon her covenants of warranty in deeds executed by her. But as a counter balance and for her security it was provided: *A married woman shall not mortgage or in any manner encumber her separate property acquired by descent, devise or gift, as a security for the debt or liability of her husband or any other person.*

At the next succeeding session of the General Assembly, the act approved April 16th, 1881, was passed. By this act all disabilities theretofore existing upon married women, with the exceptions: 1st that she can not bargain to sell her real estate, or make any conveyance or mortgage thereof, unless her husband should join in such contract, mortgage or conveyance; 2nd that she was forbidden to become surety for any other person, were removed. This disability was thus expressed: "A married woman shall not enter into any contract of suretyship, whether as indorser, guarantor or in any other manner and such contract as to her shall be void." Thus we see this particular and remaining disability was greatly enlarged.

She cannot become surety in any manner or form. And the courts have been alert to enforce this statute in the spirit in which

it was enacted, and have held that not only may she not in form become surety, but that she may not in any guise, directly or indirectly, become surety for another.

Nor may she pledge or in any wise encumber her separate estate to secure the obligation of another person, whether she is one of the makers of such obligation or not.

Goff vs. Hawkins, II Ind. App. 456.

Because of this legislation, and the decisions of the courts interpreting and enforcing it, many bankers and capitalists in general, have refused absolutely to make loans to married women. By so doing they have unnecessarily limited the range of their investments and imposed unnecessary hardship upon married women.

Married women may own unimproved real estate, without funds in hand wherewith to improve it; they may be conducting a separate business on their own account, and need additional capital; they may desire to purchase additional property, real or personal; all these things they have a perfect right to do, and they have a perfect right to borrow money to accomplish the end sought, and their notes, or their notes secured by mortgage or by stocks, bonds or other chattels, deposited in pledge as collaterals, are each and all valid and enforceable securities.

Her disability is against becoming surety in any form and that disability is absolute. In all other financial transactions they may be dealt with as safely as a business man may be dealt with.

But as already stated, courts are acute and alert to discover whether a particular transaction involves her suretyship. They are not deceived by the form of the transaction. If the transaction is one for the benefit of any other person than herself, whatever form it may take on, the contract is void, if the other contracting party knows the fact, or knows of facts sufficient to put him upon inquiry, and such inquiry would lead to the discovery of the real nature of the transaction.

And further a married woman may estop herself from making the claim that she is surety. But the real form of the transaction will never estop her from asserting the fact of suretyship if it actually exists.

If a married woman makes an application for a loan, to be secured either by her note or by notes and mortgage, or by note and pledge of her individual collaterals, and represents that she is borrowing money for her own individual use and benefit, and no fact or circumstance appears, or is known to the lender, which ought to raise his suspicion as an honest man, he may make the loan, and his security will be valid, whatever use she may make of the borrowed money.

Cummings vs. Martin, 128 Ind. 20.

But no mere factitious or fictitious form in which the transaction may be had will be permitted to bind the married woman, if the lender knows of the existence of an actual suretyship. In such a case the woman may go through the form of making an application for a loan for her own use, and may file an affidavit, that the loan is for her own benefit, yet if the lender knows to the contrary, he can get no aid from the application and affidavit, for he has not been deceived, and deception is the very basis upon which every estoppel rests.

Davis vs. Neighbors, 34 Ind. App. 441;

Field vs. Campbell, 164 Ind. 389.

And so again, if any fact or circumstance exists which ought to have put the lender upon inquiry as to the real character of the transaction, viz.: that the suretyship exists, the court will go very carefully into the question of the good faith of the lender in his belief that the married woman was borrowing for her own benefit. A very slight circumstance pointing in the direction of suretyship will cast the burden upon the lender of proving his absolute good faith.

Some of the decided cases will illustrate what I mean.

A married man applies for a loan for his own benefit, and proffers as security a mortgage upon real estate, but upon inquiry it is discovered that the title stands in the wife's name. Shortly thereafter the wife applies for the loan, representing that it is for her own benefit, and even makes affidavit to that fact.

The lender has had sufficient notice to put him upon his guard, and the *femme covert* will not be estopped to deny her suretyship.

Cole vs. Temple, 142 Ind. 498;

Guy vs. Lieberenz, 160 Ind. 524.

A married man makes application to borrow money for his benefit, offering a mortgage upon real estate as security, and informs the lender that the title is in his own name. An abstract of title is produced showing that the title of the land had long stood in the wife's name, until a very short period before the application, when it was transferred to him. This at once suggests that the transfer was a mere device to enable him to borrow money and secure the same by a mortgage upon his wife's real estate, and unless the situation is very clearly and fully explained it is not safe to make the loan.

Sohn & Company vs. Gantner, 134 Ind. 31.

And if the lender knows of the purpose of the transaction, and that the loan was actually made for the benefit of the husband to enable him to pay his debts, the lender cannot avoid the de-

fense of suretyship by making the check for the loan payable to the wife or by paying her the cash.

Boyd vs. Rodebaugh, 150 Ind. 394.

If the money or any part of it is borrowed to pay a pre-existing unsecured debt of the husband to the lender, this is quite conclusive as to the nature of the transaction, although the mortgage may contain a recital that the loan was for the exclusive benefit of the wife.

Bowles vs. Trapp, 139 Ind. 55.

The test of suretyship as laid down by our Supreme Court is whether the wife received the benefit of the money borrowed or some part thereof.

Guy vs. Lieberenz, 160 Ind. 524.

To the extent that she or her property is by the payment of a pre-existing valid loan upon her estate, receives the benefit of the money loaned, she is principal and not surety, and the mortgage is valid.

Bowles vs. Trapp et al, 139 Ind. 55;

Vogel vs. Leichner, 102 Ind. 55;

Johnson vs. Jouchert, 124 Ind. 105;

McCoy vs. Barus, 136 Ind. 378;

Cochran vs. Benton, 12 Ind. 58.

While the adjudicated cases show that the courts will make careful scrutiny, where any fact or circumstance appears which ought to put the lender upon his guard, yet when the transaction is free from suggestion of that character, and the lender acts in good faith upon representations made by the married woman that she is borrowing for her own use, she will be estopped to deny her suretyship, although suretyship actually existed.

Tumbler vs. Reitz, 134 Ind. 9;

Wertz vs. Jones, 134 Ind. 475;

Taylor vs. Hare, 131 Ind. 537;

Cummins vs. Martin, 128 Ind. 20;

Lane vs. Schlemmer, 114 Ind. 296;

Rogers vs. Union Life Ins. Co., 111 Ind. 343;

Ward vs. Berkshire Life Ins. Co., 108 Ind. 301.

In *Lane vs. Schlemmer*, 114 Ind. 296, it was held where a wife had been induced to give a mortgage on her separate property securing a promissory note governed by the law merchant, for her husband's benefit, but making representations that it was for her own benefit, under such circumstances, as the original mortgagee was put upon his guard, yet the note having been in good faith negotiated before maturity to an innocent holder, the

married woman is as against him estopped to set up her suretyship.

In the later case of *Leschen vs. Guy*, 149 Ind. 17, it was held that the mere fact that the wife became surety on the notes of her husband, negotiable and payable in bank, which were secured by mortgage upon her separate real estate, did not estop her from setting up her suretyship against an innocent holder. But there is no conflict between these two cases. In the latter there was no representation that she was principal to estop the maker.

In the case of *Shirk vs. North*, 138 Ind. 210, where a married woman who was the owner in her own right of promissory notes negotiable by the law merchant, indorsed them in blank and delivered them to a third person as collateral security for an indebtedness of her husband, and thereafter the pledgee of said notes indorsed them for value before the maturity to a dealer in promissory notes, who took them without any notice of the facts, it was held that the wife could not set up the fact that the notes had been deposited as collateral security for the debt of her husband and reclaim them as her own.

The decision was put upon the ground that the wife might have placed a special indorsement upon the notes showing they were delivered only as collateral security, which would have afforded her protection, and would have prevented their purchase by an innocent holder. And that as she was negligent in not placing such indorsement thereon, and as a result they did come into the hands of an innocent purchaser, she was estopped to allege her suretyship by the pledge of her property, and that the purchaser was entitled to hold and collect the same.

This case has never been reversed, and on the other hand, it has never been cited with approval. I am of the opinion that it will not be safe to act upon its being sound law.

Since the foregoing cases were decided, the act of March 9, 1903, was passed, which provides: "Be it enacted by the General Assembly of the state of Indiana, that any married woman who shall hereafter execute her promissory note, bond or other evidence of indebtedness, and deliver the same to any person, firm or corporation for the purpose of securing a loan, and such person, firm or corporation shall make such loan and shall pay the proceeds thereof to such married woman in cash, or by check or draft drawn payable to her order, and such married woman shall state under oath in writing the purpose for which such borrowed money is to be used, and if such affidavit shall show the same to be for her own separate use or the betterment of her property, or separate business, she shall not be permitted thereafter to claim that such loan was made for the use or benefit of any person other than herself."

This act has never been passed upon by the Supreme Court. Until this has been done it will not be safe to act upon the theory that it has to any great extent changed the law upon the subject under consideration. To hold that the taking of the proceedings prescribed by this act, would be a bar to the defense of suretyship, when the lender knew the truth, and that the affidavit was false, would justify the act being entitled: "An act encouraging the commission of perjury, and subornation of perjury." I think the only effect of the act will be in some extent to excuse diligence on the part of the lender in discovering the truth, when there are circumstances tending to arouse suspicions.

When lands are conveyed to a man and his wife, as for instance to John Smith and Mary Smith, his wife, laymen generally speak of the estate as a joint title. But this is not an accurate expression. The technical estate is "a tenancy by the entireties." It is altogether foreign to this paper, and it would be giving you only technical and recondite learning, to state the difference between these two estates in their details. But the difference is vital on the question now under consideration.

The foundation of the doctrine goes back to the old doctrine of the law that the husband and wife are but one person, not two. The deed to the husband and wife is therefore the deed to but one person; this imaginary composite person, the husband and wife, owns the land; and the actual husband and the actual wife each owns the entire estate in the lands; that is, each owns the entire estate in the lands so long as they both live; that is, the wife owns the entire estate, but also the husband owns the entire estate. This is a pretty difficult proposition to the lay mind. It is difficult to many lawyers, and I know one who has turned it over in his mind for forty years without yet being quite able to make it very intelligent and tangible to himself.

But this theory of the law still holds good in Indiana. So that when it is proposed that wife shall join in a mortgage upon lands held by husband and wife as tenants by entireties, we must consider that she is mortgaging her own lands. So that she, her husband joining, can no more mortgage lands thus held to secure the husband's debt, than she can mortgage her own separate estate for such purpose.

So that all that has been said on the subject of mortgaging her separate estate applies with equal force to the proposition of husband and wife mortgaging such an estate to secure his indebtedness.

So that I can here be very brief.

The husband and wife may borrow money for the benefit of the lands and estate so held, and can mortgage such lands to secure the money so borrowed. And inasmuch as the entire estate

in the lands so held belongs to her, the entire sum so borrowed for the benefit of such joint estate is her debt; she is principal therein and not surety.

And the husband and wife may mortgage lands thus held to secure moneys to improve the particular parcel thus mortgaged, or any other parcel thus held, or for the purpose of purchasing other lands, title of which is taken in this form.? For in every such instance, she is principal and not surety in the indebtedness, as the transaction is for her benefit.

But here a word of warning. The notes executed, even in the case of notes given for the deferred payments of the purchase price, must be executed by both husband and wife, although the title is taken in the name of husband and wife. For if the husband gives his own note for such deferred payment, that makes the debt his debt, and makes the mortgage securing the debt a mortgage of the wife's lands to secure the husband's indebtedness, and therefore void.

Stewart vs. Bobbs, 120 Ind. 568.

(On the other hand, when a loan is made to the wife, under the conditions above specified, where she may lawfully execute such mortgage, and is secured by her mortgage, it is safer for her to sign the note alone.)

The same principles of estoppel apply in cases of mortgages upon estates held by husband and wife as tenants by entireties, as do in case of mortgages by wife of separate property. If they borrow the money upon the representation it is to be used for the benefit of the joint estate, and this representation is in good faith believed and acted upon by the lender, the mortgage is good whether the money is actually so used or not.

Trimble vs. State, etc., 145 Ind. 154. (Applause.)

THE PRESIDENT: Before entering upon a discussion of Mr. Smith's paper, I desire to announce the appointment of the Committee on Nominations: R. L. O'Hair, Greencastle; C. T. Lindsey, South Bend; J. D. Johnson, Kokomo; W. D. Hogate, Danville; Winfield Miller, Indianapolis.

MR. I. H. C. ROYSE, Terre Haute: Mr. President, before this discussion is opened, I desire to move a vote of thanks to Mr. Smith for this very able and instructive paper that he has read before this Convention.

The motion was seconded.

The motion prevailed unanimously.

THE PRESIDENT: Gentlemen, this paper is now open for discussion.

MR. W. W. BONNER, Greensburg: Mr. President, as this information that we are getting from Mr. Smith is pretty cheap, I would just like to ask his opinion about one matter, and that is with reference to the Acts of 1903, in which a married woman is estopped from claiming that a debt was otherwise than hers. He says that it might be held by the Supreme Court that it inclines to make a married woman perjure herself, as well as the one who loans the money. Now if she should claim that her affidavit was not true, how much additional evidence would it be necessary to produce to convict her of perjury? In other words, wouldn't she feel, herself, that she was estopped from making that claim?

MR. C. W. SMITH, Indianapolis: Well, that is a question that you would have to submit to a jury, but this is what I mean: Before that law was passed, if a married woman came in and made an affidavit and the loaner had no reason to doubt what she said, and he acted upon the faith of it, without the law, the lender was perfectly well protected, and what I say is that it does not greatly change the situation. If the loaner knows it is not true, or has good reason to believe that it is not true, and would wink at having her make an affidavit so that he could thrust it back in her face, and undertake to estop her by it, in my judgment, the statute would not help him a particle, and it ought not to.

MR. W. W. BONNER, Greensburg: I have just wondered whether she wouldn't say, when she came into court, "I made the affidavit that I knew was untrue, and the loaner knew it was untrue, and therefore I won't pay the money." I think she is putting herself in a very dangerous position, and one in which no married woman would want to put herself.

MR. C. W. SMITH, Indianapolis: Well, you would be banking on her fears, and that is all.

MR. I. H. C. ROYCE, Terre Haute: I would like to ask Mr. Smith a question.

MR. C. W. SMITH, Indianapolis: Hold on, gentlemen. Every time the Union Trust Company asks a question, I charge them a fee. (Laughter.)

MR. I. H. C. ROYCE, Terre Haute: Well, as Mr. Smith has been so kind as to present this matter in such an interesting manner, I just want to ask him one question, and that is this: Suppose a married woman and husband are willing to make a false affidavit

for the sake of getting a loan, and after they have done so, they come in and swear not only that it was for the husband's benefit entirely, but also that the lender had knowledge of certain specific facts. Now the Trust Company is likely not to have a very good memory about all the details of the business. Is the trust company dealing in perfectly safe lines in depending upon the affidavit?

MR. C. W. SMITH, Indianapolis: No more so than it was before. You would be required to exercise discretion in all that class of cases.

THE PRESIDENT: If there is no further discussion upon this paper, we will pass to the next paper on the program.

MR. R. L. O'HAIR, Greencastle: Mr. President, before the committee just appointed by the president, retires, I would like to make a motion that inasmuch as this trust company section is now organized and ready for business and a part of the State Bankers' Association, that this committee be empowered to nominate a member for appointment on the Executive Committee of the State Bankers' Association. I believe we are entitled to this, but as we stand now we have no voice in what shall come before the open session of the Association. I believe that if the chairman of the Executive Committee were aware that we are desirous of having a member in that body, he would be glad to appoint him.

I move you, Mr. President, that your Committee on Nominations be empowered to nominate a member of this section as a member of the Executive Committee of the Indiana Bankers' Association, and ask that he be appointed.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: We will now hear read a paper by Mr. James P. Goodrich, president of the People's Loan and Trust Company, of Winchester, on the subject, "Proposed Public Depositary Legislation." (Applause.)

Address of James P. Goodrich

The Public Depositary Law.

The public depositary law is not a new and untried plan. It has been in successful operation in a number of states, and is now in use in forty-one states and territories of our country, while seven are still operating under the old system, namely, Alabama,

Arkansas, Illinois, Indiana, Mississippi, Nevada and Oregon, and it is important that Indiana should join the march of progress and take its place with the great majority of the states in the enactment of a practical depository law.

The problem is one that concerns the people of Indiana to a marked degree, touching as it does the care and safety of more than \$31,000,000 of the people's money each year. Under existing law, while the bare legal title to the public funds rests in the official to whose custody they are entrusted, yet the equitable title is in the public and it is the undoubted law in Indiana that whatever interest or profit may be realized by any official from the use of public funds belong to the state and not to the official. Yet, notwithstanding this fact, the prevailing custom in this state has been for the official to treat the money as his own, to loan it to fiscal institutions and to individuals and to convert the interest arising therefrom to his own use. The speculation in public funds by fiscal officers, and the consequent defalcations and loss arising therefrom, has reached such an extent that the public conscience has been aroused, and the two great political parties in this state are demanding, at the hands of the Legislature, the enactment of a law to regulate the deposit and use of public funds.

It may, therefore, be safely assumed that the legislature, obedient to the public demand, will enact some kind of effective legislation, and it becomes of interest to know what form this legislation will take. At least three important phases of the proposed law are worthy of consideration.

First. That the law shall be so constructed that it shall not encroach upon the constitutional prerogative of the fiscal officers of the state.

Second. That the absolute safety of the funds shall be maintained at all times and the highest rate of interest, consistent with such safety, be secured to the people.

Third. That the law shall be so formed as to be simple in its application and not disturb the fiscal affairs of the various municipalities of the state. The constitutional question is one that can be left to the legal fraternity, which has by its committee engaged in the preparation of a bill and it would be a useless waste of time to here discuss that question.

SAFETY OF THE FUNDS.

In dealing with the second question, it might be well to first examine briefly into the history of banks and trust companies of Indiana for the past seventeen years, with reference to the relative safety of the banking institutions of our state, as public depositories. Since 1890, the average annual deposits of the national banks of Indiana have been fifty-four millions of dollars. During

the same period of time, the average annual losses to the depositors on account of failures of national banks, have been \$41,000, or less than one-thirteenth of one per cent. During the same period, the average annual deposits of the banks under state supervision in Indiana, has been \$17,000,000, while the average annual losses have been \$11,000, or a loss of less than one-sixteenth of one per cent. During the same period, the average annual deposits of the trust companies of the state have been more than \$13,000,000, and during all that period not a single penny of loss has resulted to any depositor of any of the trust companies of Indiana; a splendid testimony, not only of the efficiency of the law under which they are organized, but to the high character, integrity and ability of the officers of the trust companies of our state. In view of the fact that in every single instance the bank failures in this state can be traced to loans improperly made to officers of the institution, it may be considered fortunate for the trust companies of Indiana that they are not allowed to loan a single dollar of their funds to any of their officers.

In thirteen states no security is required of depositaries other than is given to all depositors, and in our state, if the past is any guide to the future, the state might well deposit its funds with banks and trust companies in the same manner as does the individual. In fact, I hold the opinion that it could profitably do so, as the net cost of depositary bonds, if surety bonds be required, exceeds seven times over the per cent. of loss to the state, resulting from bank and trust company failures; and the state could, with profit, carry its own risk. It can be safely assumed, however, that public sentiment, at this time, will demand at the hands of the legislature, the enactment of a law that will require public depositaries to give some kind of security, other than the credit of the depositary itself, for the safety of the funds entrusted to its care. So far as I have been able to learn, from an examination of the laws of the different states where public depositary laws are in force, either collateral security, personal bonds or security bonds are required, and in a number of states, viz.: Minnesota, Tennessee, Kansas and Kentucky, the statutes provide that a satisfactory bond or security shall be given.

Under these statutes the officers entrusted with the care of public funds are authorized to accept either of the three kinds of bonds above referred to, it being optional with the depositary to decide which kind shall be furnished. The objection to the collateral bond, as suggested in the proposed bill of the Indianapolis Bar Association, is that the high character of collateral required in this bill is now selling on the market at very nearly a three per cent. basis, and with a forced market of something like \$25,000,-000 additional, for bonds of this character, the price of these bonds

will be increased to such an extent as to net the holder of them not in excess of three per cent., and when we realize that this same bill fixes the minimum rate of interest which any public depository must pay at two per cent., it can be readily seen that no bank could afford to be burdened with the care of handling public funds upon the narrow margin between the amount paid the state and that realized from the securities into which the money must be invested. So that in its practical workings, a bill similar to that proposed by the Indianapolis Bar Association must fail, unless the character of the collateral should be lessened or the minimum rate of interest decreased. In fact, we doubt, if any substantial rate of interest for the use of public funds could be secured, if banks should be required to furnish the character of collateral set out in the Indianapolis Bar Association bill. While it is admitted that the plan referred to would secure the maximum of security, yet we believe, in the end, that the state will be driven to provide the alternative plan of a personal or surety company bond.

PERSONAL BOND.

An examination of the reports of other states operating under a law authorizing personal bonds, discloses the fact that all the losses resulting from the deposit of public funds, come on account of the failure of a personal bond.

In every instance where a loss resulted, the officers of the depository had been allowed to make the bond and as a natural result when the bank failed, the bond failed also, and the state's security became worthless paper.

The Treasurer of Nebraska in his report says: "Formerly, bank officials were allowed to sign depository bonds and in such cases when the bank went broke the securities were busted."

State Treasurer Davidson, of Wisconsin, in his report of 1901, says: "In fact, I know of no one becoming surety for a bank who is not a stockholder."

And the states that still cling to the personal bond, have, guided by past experience, written into their laws, a provision that no officer or stockholder of any depository bank or trust company shall become surety on any bonds for such bank or trust company, a provision which should be incorporated into the laws of this state should a personal bond be determined upon. The objection to the personal bond in Indiana has not been as to its solvency, for we have searched in vain for any single instance in this state where any loss has resulted to the fund on account of the insufficiency of the bond; but in the cases where a loss to the municipality has arisen, it has been, not on account of the insufficiency of the bond, but rather to the fact that the sureties on the bond had, through political influence or otherwise, prevailed upon those representing

the public to compromise the claim and accept in settlement a part of the whole amount due.

The states of Ohio, New York, Tennessee, Massachusetts, and many others, recognizing the safety of surety company bonds have made provision therefor in their statutes to the exclusion of personal bonds, and I am informed by the fiscal officers of these states that this form of security is used almost to the exclusion of collateral security of public funds. The surety companies of the country have by their ability to meet all claims and the promptness with which settlements are almost invariably made, demonstrated the high character and efficiency of this form of bond, and its advantages over the personal bond must be apparent to every one conversant with the uncertainty, abuse and hardship attendant upon the bonding of public officers, by individuals. Financial disaster and destruction to the whole community has frequently followed in the wake of defalcation of public officials; the innocent have suffered along with the guilty and the legislature, controlled by sympathy for the loss of the innocent, rather than guided by a strict sense of duty, has often sought to relieve the bondsmen by the enactment of laws to release them from the consequences following from the failure of a bank or the defalcation of an official.

In the light of all the experience of the past, we believe the legislature would commit a grave error should it allow the depository, under any circumstances, to furnish a personal bond; but should limit the security to collateral or surety company bonds.

INTEREST ON THE FUNDS.

The interest rates vary in the different states. Only three, New York, Pennsylvania and Massachusetts, charge as low as one and a half per cent., while only one state, Rhode Island, received as much as four per cent., the average of the different states being about two and one-half per cent. per annum. Two methods prevail in the states having public depositories in fixing the rate of interest to be paid by the depository: one, and that I find to be the most common one, is for a finance board or the officers having charge of the funds, to fix the rate of interest to be paid upon deposits, and the funds to the various banks and trust companies making application for the funds and tendering the proper security. This method is always open to the criticism that favoritism will be shown in the distribution of the public deposits, and that officials holding their places by the favor of the people are liable to use the public deposits for the purpose of influencing the political action of their constituents and that the highest rate of interest is not always secured upon the public funds. The states of Ohio, Minnesota, Missouri, Massachusetts, Texas, California and Kansas, after notice being given, receive bids for public funds and award the deposits to

the banks and trust companies making the best bid therefor. This is open to serious objection on the part of conservative banking interests. Where one bank outbids another, and undertakes to recoup the high interest paid by making loans on doubtful security, the practice becomes destructive of sound banking principles. Yet the information we get from the states where this method is in vogue is that such is not the result. That the well-known conservatism of the bankers has placed a limit on the amount they can bid for public deposits and the tendency of the banks where these laws are in force is to pay to the public the same rate of interest that they are paying to private depositors and not to engage in useless competition for the use of public funds. In fact, I take it that no bank or trust company, having due regard for the safety of its institution could afford to pay for the use of public funds, a higher rate of interest than it is paying to private individuals, as this course would, in the end, result in loss to the bank and demoralization of the banking interests of the community. The bill proposed by the Indianapolis Bar Association and the laws of many states, provides for a separate finance board for the various counties, cities, towns, school corporations and township trustees of the state, which result is a complicated system and much useless machinery of the law. Could the law of the state be so amended that the county treasurers of the state could be ex officio treasurer of all the various subdivisions of the county, and clear everything through the county treasurer's office, it would greatly simplify the law, avoid the large number of boards for the different cities, towns, school corporations and townships, and the board of county commissioners in conjunction with the county auditor, might constitute the finance board of the county. The objection to this plan naturally arising that the money might be concentrated in the county seat, would be met by a requirement that the board should in the distribution of the public deposits, and in the selection of the depositaries for the funds for the various subdivisions of the county, consider the convenience of the depositary to the locality in which the fund will be expended, and the residence of the officer having charge of the expenditure. It is impossible in the brief space of time allotted to me to discuss fully the provision of the proposed law, but in addition to the more important ones here discussed, the following provisions naturally suggest themselves. The amount deposited within any depositary should be limited to the amount of capital stock.

That the moneys collected by the treasurers must be deposited the same day they are received.

That no money shall be paid out except upon the official check of the treasurer.

Moneys collected by officials other than the treasurer shall be placed in the treasury in the shortest possible time.

That the treasurer shall be relieved of all responsibility after the deposit is made.

That the finance board might reject the proposition of any depositary, and when two or more institutions make the same offer for public deposits and tender adequate security, that the deposits should be apportioned to them on a percentage basis.

The time is now ripe for action; the state will have no difficulty in finding banks ready and willing to take the public funds, furnish ample security for its safe keeping, and pay a reasonable return for its use. In the light of all the facts, the adoption of a public depositary system cannot be regarded as an experiment and we earnestly hope that the legislature will in its wisdom be able to crystalize into the law of our state the almost unanimous desire of our people. Such a public depositary law will not only save the state and its various subdivisions one half million dollars each year, but better than this, it will, if properly enforced, remove temptation from men, save the humiliation and disgrace that has come to many public officials, their friends and families, in our state, in years past, and take from the banking interests any reason for interference in the politics of the state, for the protection of their business, a consummation devoutly to be wished for by every patriotic citizen of our commonwealth. (Applause.)

MR. FRANCIS T. ROOTS, Connersville: Mr. President, I move that the papers read before this section this afternoon, be referred to the Executive Committee, with the request that they be incorporated in the proceedings of the Convention of the Indiana Bankers' Association.

The motion was seconded.

The motion prevailed.

THE PRESIDENT: Next on the program is "The Question Box." If the Secretary has a question box, he will please open it.

THE SECRETARY: One of the questions that has been submitted is as follows:

We have a rather small trust company, with one cash drawer and three or four people necessarily running to it for all sorts of transactions. All are honest, but all make some mistakes, some more than others. Most of the errors are in failing to make the ticket for the transaction. The result is a hard time to balance the cash in the evening, and sometimes hours of time spent by all in hardest kind of work; if the error cannot be found at the time and it is a "long" it will turn up afterwards, because someone is "short," but if we are short it rarely turns up. The result is a gradual short account. What can be done in this case? Give us some practical suggestion to cover it.

THE PRESIDENT: Has anybody a solution for this trouble? There doesn't seem to be any response, so we will pass to the next one.

THE SECRETARY: I find the following in the question box:

How can we live if: First—We should be taxed on our mortgages; Second—If we must submit our books to assessors and tax ferrets?

A MEMBER: Mr. President, in connection with the inquiry just read, my understanding of the law of taxation is that a bank is not required to bring its books into court or to submit them to inspection of the tax assessor, unless the particular case is cited. Is that correct?

THE PRESIDENT: Yes, that is correct, in the main. You can be cited to appear before the Circuit Court, where a specific case is given, but they cannot throw out a drag net and make you submit your books without specific information as to what is wanted. Of course, while a man is looking at some particular account, he might pick up something else.

W. P. SIDWELL, Frankfort: If this matter has been disposed of, Mr. President, I would like to ask a question. Where a trust company is operated as an adjunct of a bank, as is the case in a great many instances in the cities of Indiana, what per cent. of reserve should be carried by the trust company? We will suppose that the bank carries, say twenty-five per cent. of its deposits in cash. Now what per cent. of the trust company's funds should be kept in cash, bearing in mind that the assets of the trust company are not so available to be converted into cash quickly? It is impossible to sell mortgages quickly in the case of a run or an unexpected stringency. Should the trust company, therefore, carry a larger per cent. of its deposits in cash? Now I have a case in point to submit. I am an official in a national bank at Frankfort, and we found that we could not make mortgage loans without being very severely criticised by the bank examiner and by the comptroller. So we organized a trust company as an adjunct to the bank, so that we could make certain mortgage loans and so arrange the matter that there would be no clash between the bank and the trust company as regards deposits. That part has worked out satisfactorily, but the inquiry has arisen in my

mind as to what per cent. should be carried, in order to be safe. Of course, I know that bankers differ in their ideas with regard to that matter. For instance, one bank in Indiana that I know of, only carries ten per cent. of its deposits in cash; another bank has seventy per cent. Between those per cents. you have percentages ranging from ten to seventy, but I apprehend that the concensus of opinion of most of the bankers would be that these are extremes.

I know there are some bankers here who have banks similarly situated as regards trust companies—that is, where trust companies are operated in connection with the banks—and I thought I might get some valuable information by submitting this question.

THE PRESIDENT: Is there anyone here who can give some information on this subject?

There is no question, I might say, that has been more mooted in the trust company business, than this—as to what reserves should be carried by a trust company. The habit has been, from the foundation of the business, to deposit most of the money in banks, subject to check, and keep a very small cash account, simply for change, you may say. Now in New York, the conflict has been so great, on that account, that the legislature has passed a law requiring the trust companies of certain grades—perhaps all of them—to maintain a cash reserve of fifteen per cent., claiming, among other things, that it gives a false idea of the money market, continually, because the trust companies carry no cash reserves, and compel the banks to maintain reserves against their balances. That is a question that has been widely discussed, as to how much money a trust company should carry as a reserve. I do not believe that we can lay down a hard and fast rule on that proposition. It depends entirely upon circumstances in each case. For instance, you have a bank at your back, and if that bank is always in condition to back you up, in case an emergency comes and you have a run—if the bank is in a condition to furnish you with funds, there is no occasion for you carrying any reserves, more than two per cent., or three per cent.—just such as you need for your daily wants, is enough, if you know that you can get the money when you want it. But the trouble with most concerns is that they don't know when they can get the money, and therefore, they have to provide it for themselves. If your bank is in a con-

dition to furnish you money, the question is very easily solved. If you have to maintain a reserve of your own, then it is a question of experience and judgment. We went through the year 1896, when money got very close, although we didn't have any panic, with a very small balance. It got down as low as five per cent. and if there had been a run we might have had some trouble. Since that our cash reserve has gone up until I feel a little shaky if we get down to about twenty, or maybe a little more. I think each concern must be a law unto itself, governed by the conditions and circumstances surrounding it.

MR. SAMUEL DICKINSON, Richmond: Mr. President, I agree with you that no hard and fast rule can be made in this matter. I have always wondered, in a case where a trust company and a bank are adjuncts, one of the other, whether, if there was a run on one of them, there would not also be a run on the other. I think that is a matter that should be taken into consideration.

MR. W. B. SIDWELL, Frankfort: I will say, Mr. President, that the view we have taken of the matter has been about this: We consider the total liabilities of the trust company and of the bank, and then we keep on hand what we deem a fair per cent. of available funds in cash and in bank, to meet the total liabilities. What Mr. Dickinson has said, I think, is a good point. Of course, if there should be a run on the bank, your trust company would certainly suffer. Therefore, the only safe rule, it seems to me, would be to keep a fair amount of cash on hand and in bank, to be available against all liabilities of both bank and trust company.

MR. F. H. WIPPERMAN, Logansport: Mr. President, I wish to recur to the question that has been passed, with reference to the small trust company with one cash drawer and three or four people running to it.

Our trust company is a small one and there are only three of us, who do all the work. From the very first we have maintained separate cash drawers. I don't permit any man to meddle with my cash drawer and I don't meddle with any other man's cash drawer. I am the secretary and treasurer of that company and I think the best solution of the matter is to let each man have his own cash drawer, if it is nothing but a cigar box and let him have three to five hundred or a thousand dollars, according to the size of your cash balance in your trust company, and let

him report all transactions down to that amount. The other two men settle with me each evening; if they have paid out more than their amount, I reimburse them, and if they have more money it comes to me. Then, if you have an error, you know that it is your error and you can trace it by going to your own figures. I keep all of my figures through one day—every figure that I make. If the transaction is too large for a mental process, I make figures and keep them until I settle, and I don't aim to make a transaction without figures, and if it is my mistake, I know that it is my mistake.

THE PRESIDENT: If there is no further discussion of this question, we will pass to the next.

THE SECRETARY: I am in receipt of the following inquiry: *Indiana Bankers' Association, Trust Company Section.*

Gentlemen—Replying to the circular letter issued by your Secretary, Mr. Gavin L. Payne, concerning your approaching Convention, and particularly in relation to the question box proposed as a part of your program, we desire to submit the following inquiry:

In cases where a loan is made to a party secured by mortgage on real estate for the purpose of putting improvements upon the real estate, what is the safest, simplest and most satisfactory course to pursue to secure priority of the mortgage taken over any mechanics' liens against the property for labor or material in making the improvements?

Our experience has been, that frequently, if not generally, the work of constructing the improvement is already under headway before the mortgage is executed, and it is this state of affairs that we desire the question to meet, as we are aware that in the event that the mortgage is executed before any work is done that its priority needs no establishment.

Yours truly,

THE PRESIDENT: I would say that our company solves that question by taking a surety bond in each case. We take a surety bond against liens, in every case, and then pay out the money on the estimates of the architect, if there is one, or the statements of the contractor.

MR. GAVIN L. PAYNE, Indianapolis: I want to add, Mr. President, that that is about the only satisfactory method we have found, in dealing with those cases—taking a surety company bond. Frequently a contractor wants to give an individual bond, but un-

less the individual is very strong, I don't believe many trust companies in Indianapolis will accept them.

MR. I. H. C. ROYSE, Terre Haute: Do you require the borrower to pay the cost of the surety bond?

THE PRESIDENT: O yes, certainly, he must furnish the bond. That is one of the conditions of the loan.

MR. I. H. C. ROYSE, Terre Haute: Of course, if the loan isn't made until after the building is completed, the company can protect itself by having detailed bills of material and everything that went into the building, submitted for examination, and take affidavits, perhaps. But if you pay out the money before completion of the building, you don't know whether the amount borrowed is going to be sufficient or not, and you don't know whether the party will be able to clear it unless you have a bond. The only safe way is to have a bond.

THE PRESIDENT: Gentlemen, that finishes the regular program. The next thing and the last in order, is the report of the Committee on Nominations, Mr. R. L. O'Hair, Chairman.

MR. R. L. O'HAIR, Greencastle: Mr. President, I have the pleasure of reporting the following nominations:

President, I. H. C. Royse.

First Vice-President, Gavin L. Payne.

Second Vice-President, James D. Johnson.

Secretary, Ross H. Wallace.

Treasurer, Frank Martin.

Members of Executive Committee for three years: James P. Goodrich, Hugh Dougherty, J. L. Randall.

For member of Executive Committee of Indiana Bankers' Association: John H. Holliday.

Mr. President, I move the adoption of the report of the Committee on Nominations, as read.

The motion was seconded.

The motion prevailed.

MR. FRANCIS T. ROOTS, Connersville: Mr. President, I move you that the secretary of the Association be authorized to cast the vote of this Convention for the officers nominated.

The motion was seconded.

The motion prevailed.

THE SECRETARY: Mr. President, I have cast the ballot for the officers nominated.

THE PRESIDENT: The officers, therefore, are declared duly elected. Mr. Royse, I take great pleasure in introducing you as my successor, as president of this Association. I know that you will make a good one. (Applause.)

MR. I. H. C. ROYSE, President-elect: I am sure I thank my friend Holliday for his kind words and I very heartily thank this Convention for its expression of confidence. I think there is nothing that gives one more satisfaction than expression of confidence, for work of a disinterested character; work that springs from public spirit rather than the money making spirit. I also wish to assure the Convention that I shall use my best efforts to promote the work of this organization and of the interests of all the trust companies in the state of Indiana. As outlined in the paper I read this afternoon, I believe the trust company work is one of common interest. I don't believe that it is a thing that brings us into competition where we will be fighting each other. I believe the success of one company of this kind will necessarily bring success to the others. So let us, as one common organization, work for the upbuilding of all the trust companies in the state of Indiana, to put them on the highest and best plane of business, to have them adopt the very best principles—those that will command the respect of the people, and great good will result not only to the people of Indiana, through the trust companies, but to the shareholders of the companies that are interested. (Applause.)

MR. SAMUEL DICKINSON, Richmond: Mr. President, I move you that a vote of thanks be extended to the retiring officers of the trust company section.

The motion was seconded.

The motion prevailed.

MR. JOHN H. HOLLIDAY, Indianapolis: Mr. President, speaking for the officers, I would say that we appreciate your thanks. We feel especially gratified at the interest manifested here today, the large attendance and the manner in which the program has been received. We feel that we have made a good beginning and we think we have done something from which we can all profit.

We trust that this is only the beginning and that we shall continue to grow.

THE PRESIDENT: If there is no further business to transact, a motion to adjourn will be in order.

On motion, duly seconded, the Convention adjourned *sine die*.

Members

Akron.....	Akron Exchange Bank
Albion.....	Bank of Albion
Alexandria.....	Commercial Bank
Ambia.....	Citizens Bank
Anderson.....	Anderson Banking Co.
Anderson.....	Anderson Trust Co.
Anderson.....	Citizens Bank
Anderson.....	Peoples State Bank
Angola.....	Steuben County Bank
Arcadia.....	Citizens Bank
Arlington.....	Arlington Bank
Ashley.....	Commercial Bank
Atlanta.....	Bank of Atlanta
Attica.....	Bank of Attica
Attica.....	Citizens National Bank
Attica.....	Farmers & Merchants State Bank
Auburn.....	City National Bank
Aurora.....	Aurora National Bank
Aurora.....	First National Bank
Bainbridge.....	Bainbridge Bank
Batesville.....	Batesville Bank
Batesville.....	First National Bank
Bedford.....	Bedford National Bank
Bedford.....	Citizens National Bank
Bedford.....	Citizens Trust Co.
Berne.....	Bank of Berne
Bicknell.....	First National Bank
Bloomfield.....	Bloomfield Bank
Bloomfield.....	Citizens State Bank
Bloomington.....	First National Bank
Bloomington.....	Monroe County State Bank
Bluffton.....	Studebaker Bank
Bluffton.....	Union Savings & Trust Co.
Bluffton.....	Wells County Bank
Boonville.....	Boonville National Bank
Boonville.....	Farmers & Merchants Bank
Borden.....	Borden State Bank
Boswell.....	First National Bank

Bourbon.....	First State Bank
Brazil.....	First National Bank
Brazil.....	Brazil Trust Co.
Bremen.....	Union State Bank
Brook.....	Bank of Brook
Brookston.....	Bank of Brookston
Brookville.....	National Brookville Bank
Brookville.....	Franklin County National Bank
Brownsburg.....	Brownsburg Bank
Brownstown.....	Brownstown State Bank
Brownstown.....	Peoples State Bank
Burnettsville.....	Bank of Burnettsville
Butler.....	Knisely Bros. & Co.
Cambridge City.....	Western Wayne Bank
Camden.....	Camden Bank
Campbellsburg.....	Bank of Campbellsburg
Cannelton.....	Cannelton State Bank
Carbon.....	First State Bank
Carlisle.....	Peoples Bank
Carmel.....	Citizens Bank
Chalmers.....	Bank of Chalmers
Chalmers.....	State Bank of Chalmers
Chesterton.....	Chesterton Bank
Chrisney.....	Peoples Bank
Churubusco.....	Exchange Bank
Cicero.....	Farmers & Merchants Bank
Clarksburg.....	Clarksburg State Bank
Clayton.....	Albert Johnson & Co.
Clinton.....	Citizens Bank
Clinton.....	First National Bank
Cloverdale.....	Bank of Cloverdale
Coatesville.....	First National Bank
Columbia City.....	Columbia City National Bank
Columbia City.....	First National Bank
Columbus.....	First National Bank
Columbus.....	Irwin's Bank
Columbus.....	Peoples Savings & Trust Co.
Connersville.....	Fayette National Bank
Connersville.....	First National Bank
Connersville.....	Farmers & Merchants Trust Co.
Converse.....	Mark Tully's Exchange Bank
Corunna.....	Thomas Exchange Bank
Corydon.....	Corydon National Bank
Corydon.....	First National Bank
Covington.....	Covington Bank
Crawfordsville.....	Citizens National Bank

Crawfordsville.....	Crawfordsville State Bank
Crawfordsville.....	Elston National Bank
Crawfordsville.....	First National Bank
Cromwell.....	Cromwell State Bank
Crothersville.....	Crothersville State Bank
Crown Point.....	Commercial Bank
Crown Point.....	First National Bank
Daleville.....	Commercial Bank
Dana.....	First National Bank
Danville.....	Danville State Bank
Danville.....	First National Bank
Danville.....	Danville Trust Co.
Darlington.....	Farmers & Merchants Bank
Darlington.....	Peoples Banking Co.
Decatur.....	First National Bank
Decatur.....	Old Adams County Bank
Delphi.....	Citizens National Bank
Delphi.....	E. W. Bowen & Co.
Dunkirk.....	First State Bank
Dyer.....	First National Bank
Earl Park.....	Earl Park State Bank
East Chicago.....	East Chicago Bank
East Chicago.....	First National Bank
Eaton.....	Farmers State Bank
Edinburg.....	Farmers National Bank
Edinburg.....	The Thompson Bank
Elizabethtown.....	Farmers & Merchants Bank
Elkhart.....	First National Bank
Elkhart.....	St. Joseph Valley Bank
Elwood.....	Citizens Exchange Bank
Elwood.....	Elwood State Bank
Elwood.....	First National Bank
English.....	Crawford County State Bank
Evansville.....	Citizens National Bank
Evansville.....	City National Bank
Evansville.....	Old State National Bank
Evansville.....	West Side Bank
Evansville.....	American Trust & Savings Co.
Evansville.....	Evansville Trust & Savings Co.
Evansville.....	Peoples Savings Bank
Fairmount.....	Citizens Exchange Bank
Fairmount.....	Fairmount State Bank
Farmersburg.....	Citizens State Bank
Farmersburg.....	Farmersburg Bank
Farmland.....	Farmers & Citizens Bank
Farmland.....	First National Bank

Ferdinand.....	Ferdinand National Bank
Flora.....	Bright National Bank
Florence.....	Florence Deposit Bank
Fort Branch.....	Farmers & Merchants Bank
Fortville.....	Fortville Bank
Fort Wayne.....	First National Bank
Fort Wayne.....	German American National Bank
Fort Wayne.....	Hamilton National Bank
Fort Wayne.....	Old National Bank
Fort Wayne.....	Citizens Trust Co.
Fort Wayne.....	Fort Wayne Trust Co.
Fort Wayne.....	Tri-State Loan & Trust Co.
Fort Wayne.....	Nuttman & Co.
Fountain City.....	Fountain City Bank
Fowler.....	Bank of Benton County
Fowler.....	Bank of Fowler
Fowler.....	First National Bank
Francesville.....	State Bank of Francesville
Frankfort.....	American National Bank
Frankfort.....	Farmers Bank
Frankfort.....	First National Bank
Frankfort.....	Frankfort Loan & Trust Co.
Franklin.....	Citizens National Bank
Franklin.....	Franklin National Bank
Frankton.....	C. Quick & Co.
Fremont.....	Bank of Fremont
Galveston.....	Galveston Bank
Galveston.....	G. W. Conwell
Garrett.....	Garrett Banking Co.
Gaston.....	Gaston Banking Co.
Geneva.....	Bank of Geneva
Goodland.....	First National Bank
Goodland.....	Goodland Bank
Goshen.....	City National Bank
Goshen.....	State Bank of Goshen
Goshen.....	Elkhart County Trust Co.
Greencastle.....	Central National Bank
Greencastle.....	First National Bank
Greenfield.....	Capital State Bank
Greenfield.....	Citizens Bank
Greenfield.....	Greenfield Banking Co.
Greenfield.....	Hughes Bank
Greensburg.....	Citizens National Bank
Greensburg.....	Greensburg National Bank
Greensburg.....	Third National Bank
Greens Fork.....	First National Bank

Greenwood.....	First National Bank
Hammond.....	Commercial Bank
Hammond.....	First National Bank
Hammond.....	Lake County Savings & Trust Co.
Hartford City.....	Blackford County Bank
Hazleton.....	Citizens State Bank
Hebron.....	Citizens Bank
Henryville.....	Henryville State Bank
Hillsboro.....	Hillsboro Bank
Hobart.....	Hobart Bank
Hope.....	Citizens National Bank
Huntingburg.....	Huntingburg Bank
Huntington.....	Citizens State Bank
Huntington.....	Commercial Bank
Huntington.....	First National Bank
Huntington.....	Huntington County Bank
Hymera.....	Hymera State Bank
Idaville.....	Bank of Idaville
Indiana Harbor.....	Indiana Harbor State Bank
Indianapolis.....	American National Bank
Indianapolis.....	Capital National Bank
Indianapolis.....	Columbia National Bank
Indianapolis.....	Fletcher National Bank
Indianapolis.....	Indiana National Bank
Indianapolis.....	Merchants National Bank
Indianapolis.....	Meyer-Kiser Bank
Indianapolis.....	Peoples Deposit Bank
Indianapolis.....	Union National Bank
Indianapolis.....	J. F. Wild & Co. State Bank
Indianapolis.....	Central Trust Co.
Indianapolis.....	Citizens Savings Deposit Co.
Indianapolis.....	Farmers Trust Co.
Indianapolis.....	German American Trust Co.
Indianapolis.....	Indiana Trust Co.
Indianapolis.....	Marion Trust Co.
Indianapolis.....	Security Trust Co.
Indianapolis.....	Union Trust Co.
Indianapolis.....	Dick Miller
Indianapolis.....	E. M. Campbell & Co.
Indianapolis.....	T. C. Day & Co.
Indianapolis.....	Jos. T. Elliott & Sons
Indianapolis.....	Lathrop & Hauelsen
Indianapolis.....	Newton Todd
Indianapolis.....	Richcreek Bank
Indianapolis.....	A. W. Thomson
Indianapolis.....	Indianapolis Clearing House

Jamestown.....	Citizens State Bank
Jasonville.....	First National Bank
Jasper.....	Dubois County State Bank
Jeffersonville.....	Citizens National Bank
Jeffersonville.....	First National Bank
Kempton.....	State Bank of Kempton
Kendallville.....	Noble County Bank
Kendallville.....	Campbell & Fetter
Kentland.....	Bank of Kentland
Kentland.....	Discount & Deposit Bank
Kewanna.....	First National Bank
Kingman.....	Bank of Kingman
Kirklin.....	State Bank of Kirklin
Knightstown.....	Citizens State Bank
Knightstown.....	First National Bank
Knox.....	First National Bank
Kokomo.....	Citizens National Bank
Kokomo.....	Howard National Bank
Kokomo.....	Kokomo National Bank
Kokomo.....	Kokomo Trust Co.
Ladoga.....	Farmers & Merchants Bank
Lafayette.....	American National Bank
Lafayette.....	City National Bank
Lafayette.....	Farmers and Traders Bank
Lafayette.....	First National Bank
Lafayette.....	Lafayette Loan & Trust Co.
Lafayette.....	Lafayette Savings Bank
Lafayette.....	Merchants National Bank
Lafayette.....	National Fowler Bank
La Grange.....	The National Bank of La Grange
Lapel.....	State Bank of Lapel
Laporte.....	Bank of the State of Indiana
Laporte.....	First National Bank
Laporte.....	Laporte Savings Bank
Laporte.....	Bank of A. P. Andrew, Jr. & Son
Laurel.....	Laurel Bank
Lawrenceburg.....	Peoples National Bank
Lebanon.....	Farmers State Bank
Lebanon.....	First National Bank
Lebanon.....	Lebanon National Bank
Lebanon.....	American Trust Co.
Leesburg.....	Peoples Bank
Liberty.....	Citizens Bank
Liberty.....	Union County National Bank
Ligonier.....	Citizens Bank
Ligonier.....	Mier State Bank

Linton.....	Linton Bank
Logansport.....	City National Bank
Logansport.....	First National Bank
Logansport.....	Logansport State Bank
Logansport.....	Logansport Loan & Trust Co.
Logansport.....	A. T. Bowen & Co.
Loogootee.....	White River Bank
Lowell.....	Lowell National Bank
Lynn.....	Citizens Banking Co.
Lyons.....	Bank of Lyons
Madison.....	First National Bank
Madison.....	National Branch Bank
Madison.....	People's Bank
Manilla.....	Manilla Bank
Marion.....	First National Bank
Marion.....	Marion National Bank
Marion.....	Marion State Bank
Markle.....	Farmers & Traders Bank
Marshall.....	Citizens Bank
Martinsville.....	Citizens National Bank
Martinsville.....	First National Bank
Mecca.....	Mecca State Bank
Medaryville.....	Farmers Bank
Mellott.....	Mellott Bank
Mentone.....	Farmers Bank
Michigan City.....	Citizens Bank
Michigan City.....	First National Bank
Michigan City.....	Michigan City Trust & Savings Co.
Middlebury.....	Farmers Bank
Middletown.....	Farmers State Bank
Milford.....	Miles & Higbee
Mishawaka.....	First National Bank
Mishawaka.....	Mishawaka Trust & Savings Co.
Mitchell.....	Bank of Mitchell
Mitchell.....	First National Bank
Modoc.....	Citizens Banking Co.
Monon.....	Monon Bank
Monroeville.....	Citizens State Bank
Monrovia.....	First National Bank
Montezuma.....	First National Bank
Montezuma.....	Reserve Bank
Monticello.....	Monticello National Bank
Monticello.....	State Bank of Monticello
Montpelier.....	Farmers Deposit Bank
Montpelier.....	First National Bank

Mooreville.....	Farmers Bank
Mooreville.....	First National Bank
Morocco.....	Citizens Bank
Morristown.....	Union State Bank
Mt. Vernon.....	First National Bank
Mt. Vernon.....	Mt. Vernon National Bank
Mulberry.....	Farmers National Bank
Muncie.....	Delaware County National Bank
Muncie.....	Merchants National Bank
Muncie.....	Peoples National Bank
Muncie.....	Union National Bank
Nappanee.....	Farmers & Traders Bank
New Albany.....	Merchants National Bank
New Albany.....	New Albany National Bank
New Albany.....	Second National Bank
New Albany.....	Mutual Trust & Deposit Co.
New Albany.....	New Albany Trust Co.
New Carlisle.....	First National Bank
New Castle.....	Citizens State Bank
New Castle.....	First National Bank
New Harmony.....	First National Bank
New Harmony.....	New Harmony Banking Co.
New Palestine.....	New Palestine Bank
Newport.....	R. H. Nixon & Co.'s Bank
Newtown.....	Newtown Bank
Noblesville.....	Citizens State Bank
Noblesville.....	First National Bank
Noblesville.....	Hamilton Trust Co.
Noblesville.....	Wainwright Trust Co.
North Judson.....	Citizens Bank
North Manchester.....	Lawrence National Bank
North Salem.....	North Salem Bank
North Vernon.....	First National Bank
North Vernon.....	North Vernon State Bank
Orleans.....	Citizens Bank
Orleans.....	National Bank of Orleans
Osgood.....	Osgood Bank
Osgood.....	Ripley County Bank
Ossian.....	Bank of Ossian
Otwell.....	Otwell State Bank
Otterbein.....	State Bank
Owensville.....	First National Bank
Owensville.....	Owensville Banking Co.
Oxford.....	Bank of Oxford
Paoli.....	Orange County Bank
Parker.....	Parker Banking Co.

Patriot.....	Patriot Deposit Bank
Pendleton.....	Pendleton Banking Co.
Pennville.....	Pennville Bank
Peru.....	Citizens National Bank
Peru.....	First National Bank
Peru.....	Peru Trust Co.
Peru.....	Wabash Valley Trust Co.
Petersburg.....	Citizens State Bank
Petersburg.....	First National Bank
Pierceton.....	Peoples Bank of Pierceton
Pine Village.....	Bank of Pine Village
Pittsboro.....	Pittsboro Bank
Plainfield.....	Citizens State Bank
Plymouth.....	First National Bank
Plymouth.....	Plymouth State Bank
Portland.....	First National Bank
Poseyville.....	First National Bank
Poseyville.....	Bozeman-Waters National Bank
Princeton.....	Farmers Bank
Princeton.....	Peoples National Bank
Redkey.....	Bank of Redkey
Remington.....	Bank of Remington
Rensselaer.....	First National Bank
Rensselaer.....	State Bank of Rensselaer
Richmond.....	First National Bank
Richmond.....	Second National Bank
Richmond.....	Union National Bank
Richmond.....	Dickinson Trust Co.
Ridgeville.....	Ridgeville State Bank
Rising Sun.....	National Bank of Rising Sun
Rising Sun.....	Rising Sun Deposit Bank
Roachdale.....	Roachdale Bank
Roann.....	Exchange Bank
Roanoke.....	Bank of Roanoke
Rochester.....	Bank of Indiana
Rochester.....	First National Bank
Rochester.....	Rochester Trust & Savings Co.
Rockport.....	First National Bank
Rockport.....	Rockport Bank
Rockville.....	Parke State Bank
Rockville.....	Rockville National Bank
Rossville.....	Bank of Rossville
Royal Center.....	Royal Center State Bank
Rushville.....	Farmers Banking Co.
Rushville.....	Peoples National Bank
Rushville.....	Rush County National Bank

Rushville.....	Rushville National Bank
Russellville.....	Russellville Bank
Russiaville.....	First National Bank
Salem.....	Bank of Salem
Salem.....	Citizens Bank
Saratoga.....	Saratoga State Bank
Scottsburg.....	Scott County Bank
Scottsburg.....	Scottsburg State Bank
Seymour.....	First National Bank
Seymour.....	Seymour National Bank
Seymour.....	Jackson County Loan & Trust Co.
Sharpsville.....	Sharpsville Bank
Shelbyville.....	Farmers National Bank
Shelbyville.....	First National Bank
Shelbyville.....	Shelby National Bank
Sheridan.....	First National State Bank
Shirley.....	Shirley Bank
Shoals.....	Martin County Bank
Silver Lake.....	Farmers Bank
South Bend.....	American Trust Co.
South Bend.....	Citizens National Bank
South Bend.....	First National Bank
South Bend.....	South Bend National Bank
South Bend.....	Citizens Loan, Trust & Savings Co.
South Bend.....	St. Joseph Co. Savings Bank
South Bend.....	St. Joseph Loan & Trust Co.
South Whitley.....	Gandy State Bank
South Whitley.....	Whitley County Bank
Spencer.....	Exchange Bank
Spencer.....	Beem, Peden & Co.
Spiceland.....	Henry County Bank
St. Joe Station.....	St. Joe Valley Bank
Sullivan.....	National Bank of Sullivan
Sullivan.....	Sullivan State Bank
Sullivan.....	Citizens Trust Co.
Summitville.....	Summitville Bank
Swayzee.....	Farmers Banking Co.
Syracuse.....	Bank of Syracuse
Tell City.....	Citizens National Bank
Tell City.....	Tell City National Bank
Terre Haute.....	First National Bank
Terre Haute.....	McKeen National Bank
Terre Haute.....	Terre Haute National Bank
Terre Haute.....	Terre Haute Savings Bank
Terre Haute.....	Terre Haute Trust Co.
Thorntown.....	Home National Bank

Thorntown.....	State Bank
Tipton.....	Citizens National Bank
Tipton.....	First National Bank
Troy.....	Troy Bank
Upland.....	Grant County Bank
Valparaiso.....	Farmers National Bank
Valparaiso.....	State Bank of Valparaiso
Valparaiso.....	Valparaiso National Bank
Van Buren.....	Van Buren Bank
Veedersburg.....	Farmers Bank
Veedersburg.....	Veedersburg Bank
Vernon.....	First National Bank
Vevay.....	First National Bank
Vevay.....	Vevay Deposit Bank
Vincennes.....	First National Bank
Vincennes.....	German National Bank
Vincennes.....	Second National Bank
Wabash.....	Farmers & Merchants National Bank
Wabash.....	First National Bank
Wabash.....	Wabash National Bank
Waldron.....	Bank of Waldron
Warren.....	Exchange Bank
Warsaw.....	Lake City Bank
Warsaw.....	State Bank of Warsaw
Warsaw.....	Kosciusko County Bank
Washington.....	Peoples National Bank
Washington.....	Washington National Bank
Waterloo.....	Citizens Bank
Waveland.....	Bank of Waveland
Waynetown.....	Waynetown Bank
Westfield.....	State Bank of Westfield
Westport.....	Bank of Westport
Westville.....	Bank of Westville
Wheatfield.....	Bank of Wheatfield
Wheatland.....	Farmers & Merchants Bank
Whitestown.....	Citizens Bank
Whiting.....	Bank of Whiting
Whiting.....	First National Bank
Williamsport.....	Warren County Bank
Williamsport.....	Williamsport State Bank
Winamac.....	Citizens Bank
Winamac.....	First National Bank
Winchester.....	Farmers & Merchants Bank
Winchester.....	Peoples Loan & Trust Co.
Winchester.....	Randolph County Bank
Windfall.....	Peoples Bank

Wingate.....	Farmers Bank
Wolcott.....	State Bank of Wolcott
Wolcottville.....	Wildman's Exchange Bank
Woodburn.....	Woodburn Banking Co.
Worthington.....	Commercial Bank
Worthington.....	Worthington Exchange Bank
Zionsville.....	Farmers Bank

Constitution and By-Laws

DECLARATION.

In order to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the country, and especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs and laws which affect the banking interests of the entire State, we have to submit the following Constitution and By-Laws for "The Indiana Bankers' Association."

ARTICLE I.

SECTION 1. This Association shall be called "The Indiana Bankers' Association."

ARTICLE II.

SECTION 1. Any National or State Bank, Trust Company, Savings Bank, or banking firm may become a member of this Association upon the payment of such annual dues as shall be provided for by the by-laws, and may send one delegate to annual meetings of the Association; and any member may be expelled from the Association upon a vote of two-thirds of those present at any regular meeting.

SEC. 2. Delegates shall be an officer or director or trustee of the institutions they represent, a member of a banking firm, or an individual doing business as a bank.

SEC. 3. Delegates shall vote in person; no voting by proxy shall be allowed. No delegate shall vote in more than one capacity.

SEC. 4. All votes shall be viva voce, unless otherwise ordered. Any delegate may demand a division of the house.

ARTICLE III.

SEC. 1. The administration of the affairs of the Association shall be vested in the President and First Vice-President of this Association, and one Vice-President for each Congressional District which may be represented in this Association, and in an Executive Council, who shall be elected at the annual meetings, and who shall serve until their successors are chosen or appointed. The Executive Council shall be composed of fifteen members, five of whom shall be elected to serve for one year, five for two years, and five for three years. Thereafter annually five members of the Executive Council shall be elected to serve for three years.

SEC. 2. Each Vice-President, other than the First Vice-President, shall have the supervision of such business of the Association, exclusive of its general business in charge of the Executive Council and other officers, as may pertain to the District in which he resides, and may call meetings therein relative to such business whenever he may deem the same necessary.

SEC. 3. The Executive Council shall take charge of the general business of the Association, receive communications, arrange for holding the Annual Convention and other meetings, procure and arrange subjects for discussion in the order in which they may come before the Convention, provide for speakers and carry out the resolutions passed. They may appoint a standing Advisory Committee of five, including the President of the Association and Chairman of the Council. The attendance of five members of the Council shall constitute a quorum for the transaction of business.

SEC. 4. Special meetings of the Executive Council may be called by request of five of its own members, giving two weeks' notice to the Secretary, desiring him to call such special meetings.

SEC. 5. The Executive Council shall provide: First, for keeping the records of the proceedings of their own meetings, as well as that of the Association's annual or special meetings; second, they shall submit to each annual meeting a report, covering their own official acts, as well as the statement of any new or unfinished business requiring attention; third, they shall make full statements of the financial condition of the Association.

SEC. 6. The Secretary shall make and have charge of the records of the Association, as well as those of the Council, and of

the correspondence of the Executive Council. Such records shall be the property of this Association, and be held subject at all times to the order of the Executive Council.

SEC. 7. The Treasurer shall receive and account for all moneys belonging to the Association, and collect dues; but shall pay out moneys only upon vouchers countersigned and approved by the Secretary and by the President, or, in his absence, by the First Vice-President.

SEC. 8. The Secretary and Treasurer shall each give to the Indiana Bankers' Association a bond, satisfactory in amount and form, to the Executive Council.

ARTICLE IV.

SEC. 1. Annual Conventions of the Association shall be held at such times and places as shall be determined by the Executive Council. Special meetings may be called by the Council, if, in their opinion, circumstances require them, giving two weeks' notice of the time and place of meeting, together with the subject-matter of business to come before such special meeting. The Executive Council shall meet to arrange the order of business on the day preceding any general meeting of the Association.

ARTICLE V.

SEC. 1. The expenses of the Executive Council of the Association in carrying out the business to be done by them shall be provided for by the annual dues of the members of the Association: Provided, however, That the Executive Council shall have no authority to incur or contract on behalf of the Association any liability whatever beyond the annual dues hereby authorized, or moneys especially collected, and only that for the purposes hereby designated.

ARTICLE VI.

SEC. 1. Resolutions or subjects for discussion (excepting those referring to points of order or matters of courtesy) must be submitted to the Executive Council in writing at least ten days before the Annual Convention of the Association; but any person desiring to submit any resolution of business in open Convention may do so, and, upon a two-thirds vote of the delegates present, the resolution or business may be referred to the Executive Coun-

cil to report upon immediately: Provided, That this shall not apply to any proposed amendment of the Constitution.

ARTICLE VII.

SEC. 1. Any one failing to pay within three months the dues for carrying on the business of the Association shall be considered as having withdrawn from membership, but may be reinstated upon application to the Treasurer, by paying dues for current year, with the consent of the President or Chairman of the Executive Council.

ARTICLE VIII.

SEC. 1. This Constitution may be altered or amended at any annual meeting by a vote of two-thirds of the members present, notice of the proposed amendment having been first submitted to the Secretary at least ten days before the annual meeting, to be placed by him before the Executive Council, that they may arrange for bringing it before the Convention under the regular order of business.

SEC. 2. The annual dues to the Association shall become due and payable on or before September 1 of each year, which date shall be the commencement of the fiscal year of the Association. The Annual Convention of each closing year to be held at such time as the Executive Council may select, it being understood that absent members from such annual meetings shall not forfeit their membership nor the right to become members,, provided they comply with the Constitution and By-Laws and remit the amount of dues to the Treasurer within at least three months after September 1 of each year.

SEC. 3. The annual dues of all banks and trust companies and of all private bankers, regardless of the amount of capital, shall be five dollars.

Social Features

A theater party was given Wednesday evening at the Grand Opera House for the delegates and visitors. About 250 enjoyed the evening.

An invitation was extended to the visiting bankers by Levey Brothers to inspect their extensive new plant Thursday afternoon. This was taken advantage of by a large number of the delegates. An attractive souvenir was presented to each visitor.

Thursday evening a beefsteak dinner was given at the Claypool Hotel. This function was attended by about 300 of the delegates and visitors and pronounced by all the most enjoyable entertainment ever given by the Association. After a bountiful repast the evening was spent in social intercourse. Happy talks were made by United States Treasurer Treat, Mr. Durham of Illinois, and others. Splendid music was given by Harts Orchestra during the evening.

List of Delegates

Amo.....	H. C. SUMMERS
	President First National Bank.
Arlington.....	J. F. DOWNEY
	Cashier Arlington Bank.
Arlington.....	ROBERT HUTCHINSON
	Director Arlington Bank
Angola.....	HARRY K. SCOTT
	Cashier Steuben County Bank
Akron.....	H. D. STONER
	Cashier Akron Exchange Bank
Anderson.....	JESSE L. VERMILLION
	Cashier Anderson Banking Co.
Anderson.....	GEORGE F. QUICK
	Assistant Cashier Anderson Banking Co.
Anderson.....	EARL E. YOUNG
	Anderson Banking Co.
Anderson.....	JOS. I. SCHUMACHER
	Cashier People's State Bank
Anderson.....	R. H. WILLIAMS
	People's State Bank
Anderson.....	GEORGE C. FORREY, JR.
	Breed & Harrison
Atlanta.....	E. S. WALTON
	Cashier Bank of Atlanta
Batesville.....	C. L. JOHNSON
	Cashier Batesville Bank
Bedford.....	J. R. VORIS
	Cashier Citizens' National Bank
Bedford.....	E. E. FARMER
	Secy. & Treas. Citizens' Trust Co.
Berne.....	JESSE RUPP
	Cashier Bank of Berne
Bicknell.....	J. L. DONALDSON
	Cashier The Citizens' Bank
Bloomington.....	JAMES K. BECK
	Cashier Bloomington National Bank
Bluffton.....	L. A. WILLIAMSON
	President Wells County Bank
Bluffton.....	L. C. DAVENPORT
	President Union Savings & Trust Co.

Bluffton.....	R. S. TODD
	Cashier The Studebaker Bank
Borden.....	MURRAY S. WILSON
	Cashier Borden State Bank
Brazil.....	W. E. CARPENTER
	Secretary The Brazil Trust Co.
Brazil.....	THOMAS H. McCREA
	Second Vice-President Brazil Trust Co.
Brook.....	JOHN B. LYONS
	Cashier Bank of Brook
Brookville.....	M. P. HUBBARD
	Director Franklin County National Bank
Brookville.....	JOHN C. SHIRK
	President National Brookville Bank
Brownsburg.....	JOHN L. MARSH
	Cashier Brownsburg Bank
Brownstown.....	H. A. BURRELL
	Cashier People's State Bank
Butler.....	T. J. KNISELY
	Cashier Knisely Bros. & Co.
Carbon.....	J. B. MARSHALL
	Cashier First State Bank
Camden.....	PHILLIP RAY
	President Camden Bank
Carthage.....	WM. P. HENLEY
	President Bank of Carthage
Chalmers.....	CHARLES J. RAUB
	Cashier Bank of Chalmers
Chesterton.....	EDWARD L. MORGAN
	Vice-President Chesterton Bank
Clarksburg.....	W. J. GEMMILL
	Cashier Clarksburg State Bank
Cloverdale.....	W. E. GILL
	Cashier Bank of Cloverdale
Crothersville.....	C. W. KEACH
	Cashier Crothersville State Bank
Corydon.....	W. E. COOK
	Secy. & Treas Farmers' Savings & Trust Co.
Corydon.....	W. E. COOK
	Vice-President Corydon National Bank
Connersville.....	FRANCIS T. ROOTS
	President Farmers' & Merchants' Trust Co.
Connersville.....	G. C. FLOREA
	President First National Bank
Connersville.....	J. H. CLAYPOOL
	Director First National Bank
Covington.....	W. W. LAYTON
	Cashier The Covington Bank
Columbia City.....	W. H. MAGLEY
	Cashier Columbia City National Bank

Cicero.....	E. M. HINSHAW President Farmers' & Merchants' Bank
Columbus.....	WILLIAM G. IRWIN Cashier Irwin's Bank
Columbus.....	L. K. ONG Cashier People's Savings & Trust Co.
Columbus.....	J. W. SUVERKRUP Assistant Cashier Irwin's Bank
Columbus.....	FRANK GRIFFITH Cashier First National Bank
Clinton.....	A. W. HEDGES Cashier Citizens' Bank
Clark's Hill.....	EDWIN V. LOVELESS Director Farmers' Bank
Clark's Hill.....	W. F. GRIMES President Farmers' Bank
Crawfordsville.....	R. M. McMAKEN Cashier The Elston National Bank
Crawfordsville.....	J. E. EVANS Cashier First National Bank
Danville.....	MORD CARTER President First National Bank
Danville.....	JOHN W. TROTTER Attorney First National Bank
Danville.....	CHARLES Z. COOK Bookkeeper First National Bank
Danville.....	F. J. CHRISTIE Assistant Cashier First National Bank
Danville.....	W. C. OSBORNE Cashier First National Bank
Darlington.....	ALBERT COX President Farmers' & Merchants' Bank
Darlington.....	CARL COX Assistant Cashier Farmers' & Merchants' Bank
Darlington.....	J. E. LA FOLLETTE Assistant Cashier People's Banking Co.
Delphi.....	J. A. SHIRE President Citizens' National Bank
Delphi.....	JOHN A. CARTWRIGHT E. W. Bowen & Co.
Eaton.....	GEORGE W. HOOVER Cashier The Farmers' State Bank
Edinburg.....	J. E. WHEATLEY Cashier Farmers' National Bank
Edinburg.....	J. A. THOMPSON President The Thompson Bank
Elwood.....	H. C. CALLAWAY Cashier Citizens Exchange Bank
Elwood.....	J. A. DEHORITY President First National Bank

Elizabethtown.....	WM. E. SPRINGER
	Cashier Farmers' & Merchants' Bank
Evansville.....	PHIL. C. DECKER
	President The Evansville Trust & Saving Co.
Evansville.....	WALTER J. LEWIS
	Vice-Pres. & Treas. American Trust & Savings Co.
Evansville.....	HENRY RIES
	Cashier Old State National Bank
Fairmount.....	R. A. MORRIS
	Cashier Fairmount State Bank
Farmland.....	C. G. BALES
	Assistant Cashier Farmers' & Citizens' Bank
Farmland.....	H. D. GOOD
	Cashier First National Bank
Ferdinand.....	F. X. RICKELMANN
	Cashier Ferdinand National Bank
Ferdinand.....	MATTHIAS OLINGER
	President Ferdinand National Bank
Fortville.....	J. W. TRITTIPO
	Assistant Cashier The Fortville State Bank
Fowler.....	CHARLES B. MCKNIGHT
	Cashier First National Bank
Frankfort.....	W. P. SIDWELL
	Secy. & Treas. Frankfort Loan & Trust Co.
Frankfort.....	W. P. SIDWELL
	Cashier First National Bank
Frankfort.....	D. A. COULTER
	President Farmers' Bank
Frankton.....	JAMES O. LEE
	Cashier C. Quick & Co.
Franklin.....	A. A. ALEXANDER
	Vice-President Citizens' National Bank
Franklin.....	O. C. DUNN
	Cashier Citizens' National Bank
Franklin.....	C. A. OVERSTREET
	Cashier Franklin National Bank
Franklin.....	J. W. RAGSDALE
	Ex-President Citizens' National Bank
Fort Wayne.....	C. E. BOND
	Vice-President Old National Bank
Fort Wayne.....	C. H. WORDEN
	Vice-Pres. & Manager First National Bank
Fort Wayne.....	H. A. KEPLINGER
	Second Vice-Pres. First National Bank
Fort Wayne.....	H. R. FREEMAN
	Cashier First National Bank
Fort Wayne.....	J. R. MCCULLOCH
	Cashier The Hamilton National Bank
Fort Wayne.....	THEO. WENTZ
	Vice-Pres. The German American National Bank

Gaston.....	MERL CHENOWETH Cashier Gaston Banking Co.
Gaston.....	P. E. GOODRICH Director Gaston Banking Co.
Greencastle.....	J. L. RANDEL Secretary Central Trust Company
Greencastle.....	R. L. O'HAIR President Central National Bank
Greencastle.....	ANDREW HIRT Assistant Cashier First National Bank
Greencastle.....	W. L. DENMAN Cashier First National Bank
Greencastle.....	THOMAS T. MOORE Vice-President First National Bank
Goodland.....	MORT KILGORE Cashier First National Bank
Goodland.....	L. A. WILES Cashier Goodland Bank
Goodland.....	S. C. SPOOR Assistant Cashier Goodland Bank
Goshen.....	DANIEL M. BECHTEL Secy.-Treas. & Manager Elkhart County Trust Co.
Greensburg.....	DAN S. PERRY Cashier Greensburg National Bank
Greensburg.....	WALTER W. BONNER Cashier Third National Bank
Greensburg.....	C. W. WOODWARD Cashier Citizens' National Bank
Greenfield.....	GEORGE H. COOPER Cashier Citizens' Bank
Greenfield.....	WM. A. HUGHES Manager Hughes Bank
Greenfield.....	WM. A. HOUGH Director Greenfield Banking Co.
Greens Fork.....	D. C. MOORE Cashier First National Bank
Greenwood.....	GRAFTON JOHNSON President First National Bank
Hartford City.....	A. G. LUPTON Cashier Blackford County Bank
Hazelwood.....	E. O. LIETZMAN President Farmers' Bank
Henryville.....	W. WAYNE WILSON Cashier Henryville State Bank
Hillsboro.....	JOHN W. FRAZIER Cashier Hillsboro Bank
Hillsboro.....	IRA E. WILKINSON Assistant Cashier Hillsboro Bank
Huntingburg.....	H. C. ROTHERT Cashier The Huntingburg Bank

Huntington.....	J. R. EMLEY
	Cashier First National Bank
Huntington.....	H. L. EMLEY
	Cashier Huntington County Bank
Indianapolis.....	H. A. SCHLOTZHAUER
	Cashier American National Bank
Indianapolis.....	THEO. STEMPFEL
	Assistant Cashier American National Bank
Indianapolis.....	O. P. WELBORN
	Auditor American National Bank
Indianapolis.....	C. W. MEINSINGER
	Chief Clerk American National Bank
Indianapolis.....	FRANK D. STALNAKER
	President Capital National Bank
Indianapolis.....	ANDREW SMITH
	Vice-President Capital National Bank
Indianapolis.....	HIRAM W. MOORE
	Cashier Capital National Bank
Indianapolis.....	G. F. PATTERSON
	Assistant Cashier Capital National Bank
Indianapolis.....	M. B. WILSON
	President Columbia National Bank
Indianapolis.....	W. F. C. GOLT
	Cashier Columbia National Bank
Indianapolis.....	W. K. SPROULE, JR.
	Assistant Cashier Columbia National Bank
Indianapolis.....	W. D. DICKEY
	Assistant Cashier Columbia National Bank
Indianapolis.....	H. B. WILSON
	Columbia National Bank
Indianapolis.....	S. A. FLETCHER
	Vice-President Fletcher National Bank
Indianapolis.....	R. K. SMITH
	Assistant Cashier Fletcher National Bank
Indianapolis.....	G. H. MUELLER
	Assistant Cashier Fletcher National Bank
Indianapolis.....	VOLNEY T. MALOTT
	President Indiana National Bank
Indianapolis.....	HENRY EITEL
	Vice-President Indiana National Bank
Indianapolis.....	E. B. PORTER
	Cashier Indiana National Bank
Indianapolis.....	MACY W. MALOTT
	Assistant Cashier Indiana National Bank
Indianapolis.....	E. D. MOORE
	Chief Clerk Indiana National Bank
Indianapolis.....	O. F. FRENZEL
	Cashier Merchants National Bank
Indianapolis.....	JOHN P. FRENZEL, JR.
	Assistant Cashier Merchants National Bank

Indianapolis.....	W. S. OVERSTREET Merchants National Bank
Indianapolis.....	W. J. RICHARDS President Union National Bank
Indianapolis.....	WM. F. FOX Union National Bank
Indianapolis.....	FELIX T. MCWHIRTER President The Peoples Deposit Bank
Indianapolis.....	CHARLES M. LEMON Cashier The Peoples Deposit Bank
Indianapolis.....	SEWARD P. LEMON Assistant Cashier Peoples Deposit Bank
Indianapolis.....	L. L. MILLER Manager H. P. Wasson Co. Bank
Indianapolis.....	S. M. RICHCREEK President Richcreek Bank
Indianapolis.....	SOL MEYER President Meyer-Kiser Bank
Indianapolis.....	SOL S. KISER Vice-President Meyer-Kiser Bank
Indianapolis.....	W. C. JOHNSON Meyer-Kiser Bank
Indianapolis.....	GEORGE C. CALVERT Manager Indianapolis Clearing House
Indianapolis.....	L. G. WILD Cashier J. F. Wild & Co.
Indianapolis.....	C. F. SIEGRIST Assistant Cashier J. F. Wild & Co.
Indianapolis.....	WM. F. MCNAIRY Salesman J. F. Wild & Co.
Indianapolis.....	CHARLES E. COFFIN President The Central Trust Co.
Indianapolis.....	CHARLES E. HOLLOWAY Vice-President The Central Trust Co.
Indianapolis.....	E. H. FORRY Second Vice-President The Central Trust Co.
Indianapolis.....	AUGUSTUS JENNINGS Treasurer The Central Trust Co.
Indianapolis.....	W. M. FOGARTY Second Vice-President Citizens Savings Deposit Co.
Indianapolis.....	JOHN A. BUTLER Vice-President Farmers Trust Co.
Indianapolis.....	A. E. METZGER President German American Trust Co.
Indianapolis.....	WILLIAM J. KASBERG Secretary German American Trust Co.
Indianapolis.....	FRANK MARTIN Secretary and Treasurer The Indiana Trust Co.
Indianapolis.....	C. H. ADAM Assistant Secretary The Indiana Trust Co.

Indianapolis.....	J. E. CASEY
	Auditor The Indiana Trust Co.
Indianapolis.....	HUGH DOUGHERTY
	President Marion Trust Co.
Indianapolis.....	FRED K. SHEPHERD
	Secretary Marion Trust Co.
Indianapolis.....	GAVIN L. PAYNE
	President Security Trust Co.
Indianapolis.....	JOHN H. HOLLIDAY
	President The Union Trust Co.
Indianapolis.....	CHAS. S. MCBRIDE
	Secretary The Union Trust Co.
Indianapolis.....	ROSS H. WALLACE
	Assistant Secretary The Union Trust Co.
Indianapolis.....	JOHN C. LYON
	Manager Edward B. Smith & Co.
Indianapolis.....	DICK MILLER
	Dick Miller & Co.
Indianapolis.....	GEO. B. ELLIOTT
	Joseph T. Elliott & Sons
Indianapolis.....	C. EDGAR ELLIOTT
	Joseph T. Elliott & Sons
Jamestown.....	W. F. MARTIN
	President Citizens State Bank
Kendallville.....	A. M. JACOBS
	Cashier Noble County Bank
Kentland.....	GEO. D. RIDER
	Cashier Bank of Kentland
Kingman.....	J. H. MCCORD
	President Bank of Kingman
Kirklin.....	E. J. GOAR
	Cashier The State Bank of Kirklin
Knightstown.....	FRANK J. VESTAL
	Director Citizens State Bank
Knightstown.....	A. L. STAGE
	Cashier Citizens State bank
Kokomo.....	JAS. D. JOHNSON
	President Kokomo Trust Co.
Kokomo.....	FRANK MCCARTY
	Cashier Citizens National Bank
Kokomo.....	E. E. SPRINGER
	President The Kokomo National Bank
Lawrenceburg.....	A. E. NOWLIN
	President Dearborn National Bank
Lawrenceburg.....	W. H. O'BRIEN
	President Peoples National Bank
Lawrenceburg.....	A. J. HASSMER
	President German American Bank
Lafayette.....	B. BROCKENBROUGH
	Assistant Cashier National Fowler Bank

La Fontaine.....	W. H. LOGAN Director LaFontaine Bank
Laurel.....	J. J. REIBOLDT Owner Laurel Bank
Lapel.....	D. E. CONRAD Cashier State Bank of Lapel
Lebanon.....	W. J. DEVOL President First National Bank
Lebanon.....	O. R. DAILY Vice-President American Trust Co.
Liberty.....	CHARLES D. JOHNSON Cashier Union County National Bank
Logansport.....	JOHN GRAY President City National Bank
Logansport.....	F. H. WIPPERMAN Secretary Treasurer Logansport Loan & Trust Co.
Loogootee.....	WALTER HAYS Cashier The White River Bank
Ligonier.....	ODELL OLDKATHER Attorney Citizens Bank
Ligonier.....	J. L. HENRY Secretary and Cashier Farmers & Merchants Trust Co.
Lynn.....	DANIEL HECKER Cashier Citizens Banking Co.
Madison.....	CHARLES S. POWELL Assistant Cashier National Branch Bank
Markle.....	JAMES W. SALE President Farmers & Traders Bank
Marion.....	ROBERT J. SPENCER President Grant Trust & Saving Co.
Marion.....	HARRY A. FORD Secretary Grant Trust & Saving Co.
Marion.....	GEORGE WEBSTER, JR. Cashier Marion State Bank
Marion.....	H. D. REASONER President First National Bank
Manilla.....	THOMAS K. MULL President The Manilla Bank
Medaryville.....	E. C. WILLIAMS Vice-President Farmers Bank
Medaryville.....	C. H. GUILD President Farmers Bank
Mentone.....	CARLIN MYERS President First National Bank
Middletown.....	E. L. ELLIOTT Cashier Farmers State Bank
Milford.....	E. W. HIGBEE Mile & Higbee
Modoc.....	EMMETT B. HARRIS Cashier Citizens Banking Co.

Montezuma.....	S. P. HANCOCK
President Reserve Bank	
Montezuma.....	W. E. RUPE
Cashier First National Bank	
Monticello.....	BERT VAN VOORST
Assistant Cashier State Bank	
Monticello.....	W. H. O'CONNELL
Vice-President Monticello National Bank	
Montpelier.....	GUY A. BRACKIN
Cashier Farmers Deposit Bank	
Mooreville.....	W. F. HADLEY
Cashier Farmers Bank	
Mooreville.....	E. F. HADLEY
Assistant Cashier Farmers Bank	
Mooreville.....	C. H. WOODWARD
Assistant Cashier First National Bank	
Monroeville.....	C. P. MITCHELL
Cashier The Citizens State Bank	
Muncie.....	HARDIN ROADS
President Merchants National Bank	
Muncie.....	C. H. ELLIS
Cashier Peoples National Bank	
Muncie.....	F. D. CONYERS
Teller Merchants National Bank	
Muncie.....	C. H. CHURCH
Cashier Delaware County National Bank	
Muncie.....	C. M. KIMBROUGH
Director Delaware County National Bank	
Napoleon.....	MILTON C. BOERNER
Cashier Napoleon State Bank	
Nashville.....	H. B. MILLER
President Nashville State Bank	
New Albany.....	CLAUDE L. BALTHIS
Secretary-Treasurer Mutual Trust & Deposit Co.	
New Albany.....	EARL S. GWIN
Cashier Second National Bank	
New Castle.....	THOMAS B. MILLIKAN
Assistant Cashier Citizens State Bank	
New Palestine.....	HENRY FRALICH
Cashier The New Palestine Bank	
Newport.....	R. H. NIXON
President R. H. Nixon & Co.	
New Richmond.....	CHARLES KIRKPATRICK
Cashier Corn Exchange Bank	
Noblesville.....	A. J. BROWN
President Wainwright Trust Co.	
Noblesville.....	J. C. JONES
Secretary Wainwright Trust Co.	
Noblesville.....	W. E. DUNN
President Citizens State Bank	

Noblesville.....	GEORGE M. SNYDER Vice-President First National Bank
Noblesville.....	GEORGE S. CHRISTIAN Cashier First National Bank
North Manchester.....	JOHN M. CURTNER President The Lawrence National Bank
North Salem.....	G. B. DAVIS Cashier North Salem Bank
North Vernon.....	W. S. CAMPBELL Cashier North Vernon State Bank
Orleans.....	JONCE MONYHAN President Citizens Bank
Orleans.....	C. P. COLLINS Cashier Citizens Bank
Parker.....	C. F. HALLIDAY Cashier Parker Banking Co.
Pendleton.....	W. F. MORRIS Cashier Pendleton Banking Co.
Petersburg.....	JOHN O. DAVIS Cashier First National Bank
Pierceton.....	W. F. MATCHETT Cashier Peoples Bank
Pierceton.....	E. A. BRANDON Assistant Cashier Peoples Bank
Pittsboro.....	I. H. PALMER Cashier Pittsboro Bank
Princeton.....	SAM T. HESTON President Farmers Bank
Princeton.....	JOHN D. MOSER Citizens Trust & Saving Co.
Princeton.....	THOMAS R. PAXTON Cashier Peoples National Bank
Redkey.....	DANIEL WILT Cashier Bank of Redkey
Rensselaer.....	DELOS THOMPSON Cashier State Bank of Rensselaer
Rensselaer.....	E. L. HOLLINGSWORTH Cashier First National Bank
Russellville.....	J. ERNEST DURHAM Cashier Russellville Bank
Richmond.....	SAMUEL DICKINSON President Dickinson Trust Co.
Richmond.....	A. D. GAYLE President First National Bank
Richmond.....	S. E. SWAYNE Vice-President First National Bank
Ridgeville.....	J. E. RICKERT Cashier Ridgeville State Bank
Rising Sun.....	D. H. BRADFORD Assistant Cashier Deposit Bank

Roann.....	DOW VAN BUSKIRK Assistant Bookkeeper Exchange Bank
Rochester.....	A. L. STEPHENSON Director Rochester Trust & Saving Co.
Rockville.....	F. H. NICHOLS Cashier Rockville National Bank
Rockville.....	A. K. STARK President Parke State Bank
Rockville.....	F. H. STARK Cashier Parke State Bank
Royal Center.....	W. C. THOMAS President Royal Centre State Bank
Rushville.....	EARL H. PAYNE President Peoples National Bank
Russiaville.....	R. C. KINCAID President First National Bank
Rushville.....	WILBUR STIRES Bookkeeper Rushville National Bank
Rushville.....	A. B. IRVIN Cashier Farmers Banking Co.
Rushville.....	THEO. D. HEEB Assistant Cashier Farmers Banking Co.
Saratoga.....	F. W. JOHNSTON Cashier Saratoga State Bank
Seymour.....	H. C. JOHNSON Cashier Seymour National Bank
Sharpsville.....	J. W. ROBERTSON Cashier The Sharpsville Bank
Shelbyville.....	THOS. W. FLEMING President Shelby National Bank
Shelbyville.....	FRANK R. WILSON Cashier Shelby National Bank
Shelbyville.....	C. V. CROCKETT Cashier Farmers National Bank
Shelbyville.....	S. P. MCCREA President Farmers National Bank
Shelbyville.....	JOHN MESSICK President First National Bank
Shelbyville.....	C. W. CULBERTSON Assistant Cashier First National Bank
Sheridan.....	L. W. COX Cashier First National State Bank
Shirley.....	MARK E. WOOD Cashier Shirley Bank
Shoals.....	EDGAR WITCHER Cashier Martin County Bank
Silver Lake.....	W. J. FITTON Cashier Farmers Bank
South Bend.....	C. T. LINDSEY Cashier Citizens National Bank

South Bend.....	L. G. TONG
Cashier St. Joseph County Savings Bank	
South Bend.....	L. G. TONG
Secretary and Treasurer St. Joseph Loan & Trust Co.	
Spencer.....	DAVID E. BEEM
President Beem, Peden & Co.	
Spiceland.....	H. T. BAILY
Cashier Henry County Bank	
St. Paul.....	ORLANDO HUNGERFORD
President St. Paul Bank	
Swayzee.....	W. E. PLACKARD
Cashier Farmers Banking Co.	
Tell City.....	W. F. HUTHSTEINER
Cashier Tell City National Bank	
Terre Haute.....	PRESTON HUSSEY
President Terre Haute National Bank	
Terre Haute.....	I. H. C. ROYCE
President The Terre Haute Trust Co.	
Terre Haute.....	F. C. WHITE
Secretary The Terre Haute Trust Co.	
Thorntown.....	HUGH WOODY
Cashier Home National Bank	
Tipton.....	F. E. DAVIS
Cashier Citizens National Bank	
Valparaiso.....	LESLIE R. SKINNER
Vice-President State Bank—Thrift Trust Co.	
Valparaiso.....	W. G. WINDLE
Vice-President Farmers National Bank	
Valparaiso.....	W. H. GARDNER
Cashier Farmers National Bank	
Van Buren.....	JOHN J. HOWARD
Cashier Van Buren Bank	
Veedersburg.....	JOE IRVIN
Cashier Farmers Bank	
Veedersburg.....	HARRY P. FRAZIER
Bookkeeper Veedersburg Bank	
Vevay.....	U. P. CRAIG
Stockholder First National Bank	
Vincennes.....	J. L. BAYARD
President First National Bank	
Wabash.....	THOMAS MCNAMEE
President Wabash National Bank	
Wabash.....	H. B. SHIVELY
President Farmers & Merchants National Bank	
Waveland.....	C. H. JOHNSON
Assistant Cashier Bank of Waveland	
Westport.....	JOHN S. MORRIS
Cashier Bank of Westport	
Westport.....	MRS. JESSIE BAKER
Assistant Cashier Bank of Westport	

Whitestown.....	J. FRANK LAUGHNER Cashier The Citizens Bank
Whitestown.....	R. C. SMITH Assistant Cashier The Citizens Bank
Whiting.....	G. J. BADER President First National Bank
Winchester.....	S. D. COATS President Randolph County Bank
Winchester.....	F. E. VESTAL Cashier Farmers & Merchants Bank
Wingate.....	J. W. McCORKLE Cashier Farmers Bank
Winamac.....	W. S. HUDDLESTON President First National Bank
Winamac.....	WILLIAM SABEL President Citizens Bank
Winamac.....	M. A. DILTS Vice-President Citizens Bank
Windfall.....	B. F. LEGG President The Peoples Bank
Windfall.....	AUBREY W. LEGG Cashier The Peoples Bank
Wolcottville.....	H. H. WILDMAN Banker Wildman Exchange Bank
Woodburn.....	J. R. YAGGY Cashier The Woodburn Banking Co.
Worthington.....	H. C. SHAW President Worthington Exchange Bank

Visitors

Chicago.....	F. H. Carpenter
	F. S. Mosley & Co.
Chicago.....	Alex. Robertson
	Vice-President Continental National Bank.
Chicago.....	Wm. G. Schroeder
	Cashier Continental National Bank.
Chicago.....	H. C. Vernon
	Assistant Cashier Commercial National Bank
Chicago.....	Frank P. Judson
	Cashier Bankers National Bank
Chicago.....	R. L. Crampton
	Assistant Cashier National Bank of the Republic
Chicago.....	L. A. Goddard
	President Fort Dearborn National Bank
Chicago.....	W. T. Fenton
	Vice-President National Bank of the Republic
Chicago.....	Thomas C. King
	Cashier Northern Trust Co.
Chicago.....	William Stevenson
	Representing E. S. Shank & Co.
Chicago.....	D. B. Sparks
	Indiana Manager McDonald, McCoy & Co.
Chicago.....	W. G. Edens
	Central Trust Company of Illinois
Chicago.....	W. Y. Barnett
	Manager Banking & Mercantile World
Chicago.....	H. W. Cooper
	Banking & Mercantile World
Chicago.....	August Blum
	Manager First National Bank
Chicago.....	J. G. Wakefield
	Auditor Corn Exchange National Bank
Chicago.....	A. G. Becker
	A. G. Becker & Co.
Chicago.....	C. S. Castle
	Cashier American Trust & Savings Bank
Chicago.....	Geo. H. Wilson
	Assistant Cashier Hamilton National Bank
Chicago.....	Geo. K. Barnes
	Plympton, Gardiner & Co.

Chicago.....	W. E. Hills
Cashier C. E. Steere & Co., Bankers	
Chicago.....	H. C. Hagmann
Swartmont & Appenzellar	
Chicago.....	Robert R. Forgar
Cashier Charles Hathaway & Co.	
Chicago.....	E. B. Tomlinson
Secretary Merrill, Cox & Co.	
Chicago.....	T. E. Burkholder
Baker-Vawter Co.	
Chicago.....	Fred Wonser
Assistant Manager Baker-Vawter Co.	
Cincinnati.....	Monte J. Goble
Assistant Cashier Fifth National Bank	
Cincinnati.....	Edward Seiter
Cashier Fifth National Bank	
Cincinnati.....	T. J. Davis
Cashier First National Bank	
Cincinnati.....	A. S. Rice
Vice-President Merchants National Bank	
Cincinnati.....	W. A. Bryson
Manager Breed & Harrison	
Cincinnati.....	O. P. Tucker
Cashier Citizens National Bank	
Cincinnati.....	E. E. Galbreath
Vice-President Second National Bank	
Cincinnati.....	H. S. Irving
Weil, Roth & Co.	
Cincinnati.....	Wm. A. Lemmon
Vice-President Third National Bank	
Cleveland.....	E. R. Fancher
Cashier Union National Bank	
Cleveland.....	F. J. Woodworth
Vice-President First National Bank	
Connersville (Ind.).....	J. M. McIntosh
National Bank Examiner	
Grenada (Miss.).....	J. T. Thomas
President Grenada Bank	
Hamilton (Ohio).....	S. D. Fitton
President First National Bank	
Louisville.....	J. D. Powers
Vice-President American Bankers' Association	
Louisville.....	Logan C. Murray
President American National Bank	
Neoga (Ill.).....	F. M. Welshimer
Cashier Cumberland County National Bank	
New Orleans.....	C. G. Robinson
Assistant Cashier Interstate Trust & Banking Co.	
New York.....	Henry A. Smith
Vice-President National Bank of Commerce	

New York.....	Joseph Byrne, Jr Assistant Cashier National Bank of Commerce
New York.....	Bert L. Haskins Assistant Cashier Phoenix National Bank
New York.....	W. O. Jones Assistant Cashier National Park Bank
New York.....	C. E. Bryan Citizens Central National Bank
New York.....	Charles L. Farrell Vice-President Irving National Bank
New York.....	M. O. Peck Representing "The Financier"
New York.....	F. D. Brundage Knauth, Nachod & Kuhne
New York.....	C. C. Hay American Banker
New York.....	H. Chapin, Jr. Vice-President National Bank of North America
New York.....	R. B. Ijams Representing Fisk & Robinson
North Tonawanda (N. Y.).....	Benjamin G. Rand Vice-President Benj. L. Rand & Co., Bankers
Onarga (Ill.).....	E. D. Durham Manager The Onarga Bank
Peoria (Ill.).....	Ira D. Buck
Pittsburg.....	H. S. Zimmerman Assistant Cashier Mellon National Bank
Pittsburg.....	G. F. Fletcher Representing The Bank of Pittsburgh, N. A.
Pittsburgh.....	A. S. Beymer Cashier Keystone National Bank
St. Louis.....	C. L. Merrell Assistant Cashier National Bank of Commerce
St. Louis.....	Geo. R. Baker National Bank of Commerce
St. Louis.....	R. L. Gurney Manager Savings Department, Commonwealth Trust Co.
St. Louis.....	G. M. Trumbo Assistant Cashier Mechanics American National Bank
Springfield (Ill.).....	B. R. Hieronymus Vice-President Illinois National Bank
Washington (D. C.).....	Charles H. Treat Treasurer United States

In Memoriam

FRANK L. POWELL,

Died April 11, 1906,

Aged 46 years,

At Gulfport, Miss.

President Capital National Bank of Indianapolis.

JOHN MOHR,

Died July 27, 1906,

Aged 58 years,

At Fort Wayne, Ind.

Cashier Hamilton National Bank of Fort Wayne.

R. W. MONTGOMERY,

Died October 24, 1906,

Aged 68 years,

At Scottsburg, Ind.

President Scott County State Bank, Scottsburg.

JOSEPH GARDNER,

Died October 30, 1906,

Aged 85 years,

At Valparaiso, Ind.

President of The Farmers National Bank of Valparaiso.

E. B. REYNOLDS,

Died October 15, 1906,

Aged 47 years,

At South Bend, Ind.

Vice-President First National Bank, South Bend.

W. H. NIBLICK,

Died November 7, 1906,

Aged 51 years,

At Decatur, Ind.

President Old Adams County Bank, Decatur.

W. E. WOODBURN,

Died May 3, 1906,

Aged 57 years,

At Bloomington, Ind.

Cashier First National Bank, Bloomington.

The Fort Dearborn National Bank

CHICAGO

U. S. DEPOSITARY

Capital	- - - - -	\$1,000,000.00
Surplus and Profits	- - - - -	300,000.00
Deposits	- - - - -	TEN MILLION DOLLARS

We are especially well equipped to handle

INDIANA BANK ACCOUNTS

Correspondence or a call invited.

Our pleasure is in giving prompt service.

L. A. GODDARD, Pres.

NELSON N. LAMPERT, Vice-Pres.

H. R. KENT, Cashier

CHAS. FERNALD, Asst. Cashier.

COLIN S. CAMPBELL, Asst. Cashier

FIRST NATIONAL BANK

Capital Stock	-	\$2,500,000
Surplus and Un- divided profits	-	\$850,000
Deposits	- -	\$23,000,000

Euclid Avenue, Cleveland

THE CENTRAL TRUST COMPANY

Capital and Surplus, Three Hundred and Sixty Thousand Dollars

CHARLES E. COFFIN, President

CHARLES E. HOLLOWAY, Vice-President

EDWIN H. FORRY, 2nd Vice-President

CLARENCE E. COFFIN, Secretary

AUGUSTUS JENNINGS, Treasurer

THOMAS B. FULMER, Auditor

TRUSTS of all kinds executed. DEPOSITS received and interest paid. LOANS made on mortgage and collaterals. REAL ESTATE bought, sold and exchanged on commission. RENTS collected and INSURANCE written.
--

LIBERAL INTEREST PAID ON RESERVE ACCOUNTS.

CORRESPONDENCE INVITED.

Offices, Company's Bldg.

150-154 East Market Street,

Indianapolis

INCORPORATED 1863

REORGANIZED 1882

CHARTER EXTENDED 1902

The First National Bank

OF FORT WAYNE, INDIANA.

The Oldest National Bank in Indiana.

Capital, = = = \$500,000.00

Surplus and Profits, = \$250,000.00

Deposits, = = = \$3,000,000.00

Accounts of Banks in Our Territory Solicited.

Collections Given Special Attention.

OFFICERS

J. H. BASS, President

C. H. WORDEN, First Vice-President, Member of the Executive
Council of the Indiana Bankers Association

H. A. KEPLINGER, Second Vice-President

H. R. FREEMAN, Cashier

J. H. ORR, Asst. Cashier

Your Business would be appreciated.



Capital National Bank

INDIANAPOLIS

Capital	-	=	\$500,000.00
Surplus and Profits			260,000.00

FRANK D. STALNAKER, President

ANDREW SMITH, Vice-President

HIRAM W. MOORE, Cashier

GWYNN F. PATTERSON, Ass't Cashier

NEW BUSINESS INVITED

The Girard National Bank

PHILADELPHIA

Capital	- - -	\$ 2,000,000
Surplus and Profits	\$	3,325,000
Deposits	- - -	\$32,000,000

FRANCIS B. REEVES, President
RICHARD L. AUSTIN, 1st Vice-President
THEO. E. WIEDERSHEIM, 2nd Vice-Pres.
JOSEPH WAYNE, Jr., Cashier

G We would like to have the pleasure of handling
your business.

"THE MARK OF EXCELLENT SERVICE"



¶ WILLINGNESS TO DO AND ABILITY TO DO CHARACTERIZE THE SERVICE OF THE IRVING NATIONAL EXCHANGE BANK.

¶ EVERY REQUEST ELICITS COURTEOUS CONSIDERATION, AND THE **SMALLEST DETAIL** IS REGARDED AS IMPORTANT.

¶ ALL LEGITIMATE BUSINESS REQUIREMENTS ARE MET BY AMPLE RESOURCES AND COMPLETE MODERN FACILITIES.

LEWIS E. PIERSON,
JAMES E. NICHOLS,
CHAS. L. FARRELL,
ROLLIN P. GRANT,
BENJ. F. WERNER,
DAVID H. G. PENNY,

President
Vice-President
Vice-President
Vice-President
Cashier
Asstant Cashier

American Trust & Savings Bank

CHICAGO

STATEMENT OF CONDITION

Commencement of Business November 13, 1906

RESOURCES

Loans and Discounts	\$17,870,670.99
Bonds - - -	5,247,273.96
Cash and due from Banks	12,505,605.60
	<u>\$35,623,550.55</u>

LIABILITIES

Capital Stock - -	\$ 3,000,000.00
Surplus and Profits -	2,374,525.03
Deposits - - -	30,249,025.52
	<u>\$35,623,550.55</u>

OFFICERS.

EDWIN A. POTTER	PRESIDENT
T. P. PHILLIPS	VICE-PRESIDENT
JAMES R. CHAPMAN	VICE-PRESIDENT
JOHN J. ABBOTT	VICE-PRESIDENT
CHARLES S. CASTLE	CASHIER
F. J. SCHEIDENHELM	ASSISTANT CASHIER
OLIVER C. DECKER	ASSISTANT CASHIER
EDWIN L. WAGNER	ASSITANT CASHIER
FRANK H. JONES	SECRETARY
WILLIAM P. KOPF	ASSISTANT SECRETARY
GEORGE B. CALDWELL	MANAGER BOND DEPARTMENT
WILSON W. LAMPERT	AUDITOR

DIRECTORS.

JOY MORTON	E. H. GARY	E. P. RIPLEY
THEO. P. SHONTS	NORMAN B. REAM	JOHN F. HARRIS
T. P. PHILLIPS	W. H. MCDOEL	CHAS. H. THORNE
E. J. BUFFINGTON	WILLIAM KENT	GILBERT B. SHAW
BENJAMIN THOMAS	CHAS. H. DEERE	JAMES R. CHAPMAN
	EDWIN A. POTTER	

This Bank is now located in its new offices in the AMERICAN TRUST BUILDING, Monroe and Clark streets, and invites the bankers of Indiana to call and inspect its new banking rooms. :: :: ::

The Leading Trust Company of Indiana

THE UNION TRUST CO.

116-118 E. Market Street
INDIANAPOLIS

Capital, - - - \$600,000
Surplus and Profits, \$450,000

Executes All Manner of Trusts

**3% INTEREST PAID ON DE-
POSITS**

JOHN H. HOLLIDAY, President.

HENRY EITEL, Vice-President.

H. M. FOLTZ, 2nd Vice-Pres. and Treas.

CHARLES S. McBRIDE, Secretary.

ROSS H. WALLACE, Asst. Secretary.

GEORGE A. BUSKIRK, Probate Officer.

MECHANICS & TRADERS BANK

NEW YORK CITY

ORGANIZED 1830

Capital and Surplus = \$1,086,000
Deposits = = = 8,600,000

WILLIAM L. MOYER President
A. M. DEDERER Cashier

We have every facility for handling your business, and the fact that our deposits have more than doubled in three years proves that we render acceptable service to our correspondents.

We would be glad to receive YOUR Account

THE INDIANA TRUST COMPANY

Offices in Company's Building
INDIANAPOLIS



Capital. \$1,000,000

Surplus \$350,000

OFFICERS

J. P. FRENZEL,
President.
FREDERICK FAHNLEY,
Vice-President.
JAS. F. FAILEY,
2nd Vice-President.
FRANK MARTIN,
Secy. & Treas.
JOHN E. CASEY,
Auditor.
CHAS. H. ADAM,
Asst. Secy.
H. B. HOLLOWAY,
Asst. Secy.
H. S. FRANK,
Trust Officer.

Trusts of Every Character Executed.

Money to Loan.

Bonds and Stocks Bought and Sold.

Largest and Strongest Safety Vaults in Indiana

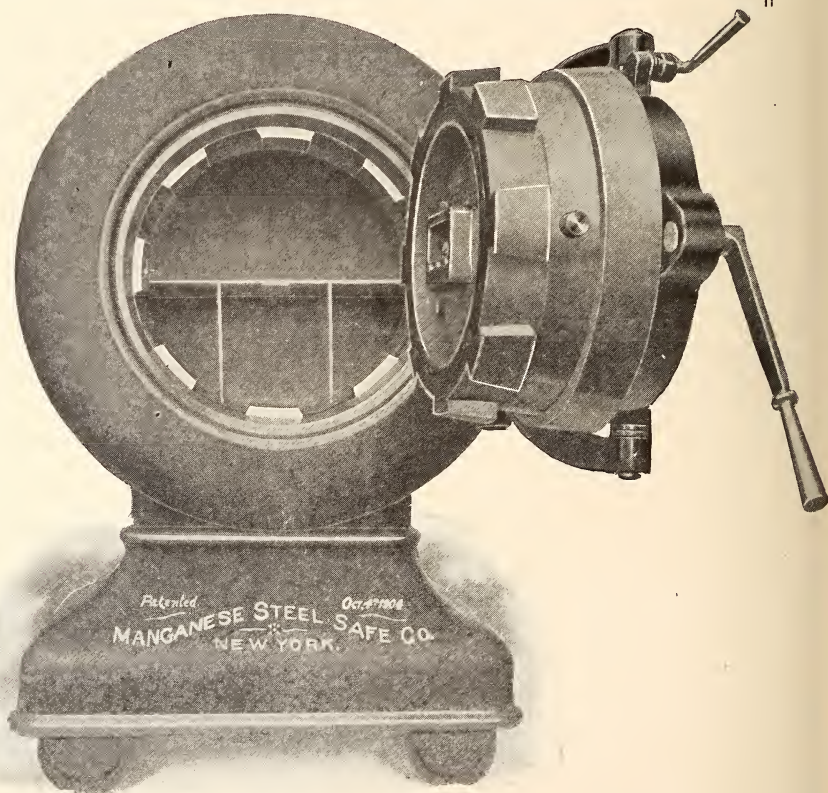
**Depository for the Reserve Funds
of Banks and Trust Companies.**

INTEREST ALLOWED ON DEPOSITS

FUTILE EXPLANATIONS

FROM September 26th to October 26th, 1906, twenty-two banks in the United States were attacked by burglars. It is not possible to determine the total loss as yet, but ten of these attacks are said to have resulted in an aggregate loss of over \$45,000.00. The officers of these banks are now attempting to explain why they neglected from day to day to purchase proper safes. Some say that they did not know their equipment was obsolete, others deferred action or purchased an inferior safe from motives of supposed economy. Several thoughtlessly postponed the matter.

None of these excuses seem to satisfy the depositors.



Manganese Steel Safe Co.

371 Broadway, New York City

Factory, Plainfield, N. J.

The Third National Bank

CINCINNATI, OHIO



UNITED STATES DEPOSITORY

Capital	- - -	\$1,200,000.00
Surplus and Undivided Profits		600,000.00

Accounts of Banks, Corporations, Firms and Individuals Solicited. Correspondence Invited. Safe Deposit Boxes for Rent.

DELAWARE COUNTY NATIONAL BANK

MUNCIE, INDIANA.

ESTABLISHED 1887.

CAPITAL \$100,000.00 SURPLUS \$100,000.00
TOTAL RESOURCES \$1,200,000.00

All Departments are Organized for Efficient Service

OFFICERS

W. E. HITCHCOCK.....President
H. C. HAYMOND.....Vice-President
C. H. CHURCH.....Cashier
H. C. ALMY.....Paying Teller
G. G. WILLIAMSON.....Receiving Teller

DIRECTORS

GEO. A. BALL

A. L. JOHNSON	C. M. KIMBROUGH
JOHN W. SMITH	WILLIAM H. PHILLIPS
GEORGE A. STAFFORD	W. E. HITCHCOCK
H. C. HAYMOND	C. H. CHURCH

Member of American Bankers Association and Indiana Bankers Association

**Issues American Bankers Association Money Orders
United States Depositary**

WM. A. TILDEN, PRESIDENT

R. T. FORBES, VICE-PRESIDENT

GEO. M. BENEDICT, CASHIER

6535

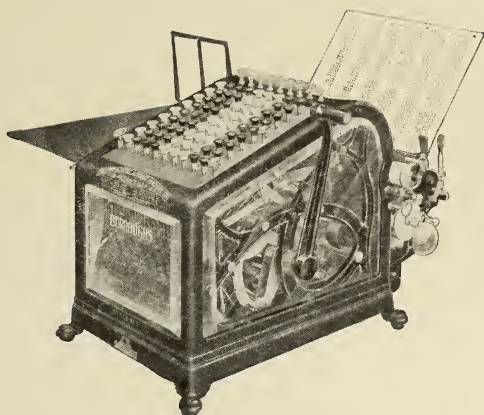
Drovers Deposit National Bank

UNION STOCK YARDS

CHICAGO

CAPITAL AND SURPLUS, \$900,000

**ACCOUNTS OF BANKS, CORPORATIONS, FIRMS
AND INDIVIDUALS SOLICITED.**



¶ After all the Adding Machine Stories Have Been Told

¶ Why is it that the Burroughs plant has been doubling every year since it came to Detroit?

¶ Why is it that the business for the first six months of this year was sixty per cent. greater than last year?

¶ Why is it we had 46,542 users on February 20, 1907?

Burroughs Adding Machine Company
Detroit, Michigan, U. S. A.
E. L. Frybarger, Sales Mgr.
714 State Life Bldg.,
Indianapolis, Ind.

Burglars Outwitted

Modern Methods of Attack Demand Modern Methods of Defense



The unsuccessful attempts made upon the Mosler Patent Screw-Door Bank Safe by expert burglars is certainly sufficient proof to convince any banker that the claims of superiority for this safe are fully warranted.

Plans, Specifications and Estimates furnished on All Kinds of Bank Work, Safe Deposit Boxes, etc.

The Mosler Safe Co.
HAMILTON, OHIO



National Bank of Commerce in New York

WITH unexcelled facilities for the transaction of domestic and foreign banking, the National Bank of Commerce in New York offers to banks, corporations, firms and individuals, the most liberal terms consistent with conservative methods, and the assurance that the interests of its clients shall at all times receive its paramount consideration.

The statement of the condition of the Bank on the 12th November, 1906, as submitted to the Comptroller of the Currency, showed

Capital, - - -	\$25,000,000.00
Surplus and	13,811,760.25
Undivided Profits,	
Deposits, - - -	165,754,346.83

Valentine P. Snyder, President

Thomas F. Ryan, Vice-President

Henry A. Smith, Vice-President

W. C. Duvall, Cashier

Neilson Oleott, Assistant Cashier

J. S. Alexander, Assistant Cashier

Oliver I. Pilat, Assistant Cashier

Joseph Byrne, Jr., Assistant Cashier

CONSISTENTLY adhering to the policy of advancing the conservative, productive and commercial interests to the exclusion of the purely speculative,

THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

on this basis has developed a business with resources of over Twenty Million Dollars and an extensive list of connections in America and foreign countries. It has the inclination as well as the ability to give the best possible service, and it invites new business, to which it believes it has proved itself entitled.

Capital, Surplus and Profits . . . \$3,000,000

JOHN A. LYNCH, President
R. M. McKINNEY, Cashier
O. H. SWAN, Asst. Cashier

W. T. FENTON, Vice-President
R. L. CRAMPTON, Asst. Cashier
THOS. JANSEN, Asst. Cashier

Corn Exchange National Bank

PHILADELPHIA



Capital	-	-	\$	500,000
Surplus and Profits				1,100,000
Deposits	-	-		16,000,000

BENJAMIN GITHENS, President
WM. W. SUPPLEE, Vice-President
CHAS. S. CALWELL, Cashier
M. N. WILLITS, Jr., Asst. Cashier

Facilities for Handling Bank Accounts

The Commercial National Bank

of CHICAGO

Capital, Surplus and Undivided Profits, \$3,900,000
Deposits, \$39,000,000

OFFICERS

JAMES H. ECKELS.....President
JOSEPH T. TALBERT.....Vice-President
RALPH VAN VECHTEN.....Second Vice-President
DAVID VERNON.....Third Vice-President
NATHANIEL R. LOSCH.....Cashier
GEORGE B. SMITH.....Assistant Cashier
HARVEY C. VERNON.....Assistant Cashier
H. ERSKINE SMITH.....Assistant Cashier
WM. T. BRUCKNER.....Assistant Cashier
EDGAR N. JOHNSON.....Auditor

DIRECTORS

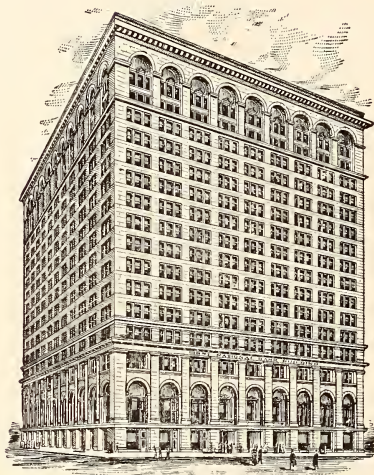
Franklin MacVeagh E. H. Gary William V. Kelley
William J. Chalmers Darius Miller Joseph T. Talbert
Robert T. Lincoln Charles F. Spalding James H. Eckels

**This bank is pleased to place at the disposal of its customers
the facilities gained during forty years of con-
tinuous service and growth**

James B. Forgan
President

David R. Forgan
Vice-President

F. O. Wetmore
Cashier



The First National Bank of Chicago

Capital, \$8,000,000. Surplus, \$5,000,000.

Welcomes and appreciates accounts of conservative people believing that its extensive clientele which has been gradually developed by more than forty years of consistent, considerate service is splendid endorsement of the agreeable and satisfactory accommodations rendered to its customers.

THE OLDEST BANK
 WEST OF THE ALLEGHENY MOUNTAINS
 ORGANIZED 1810
THE BANK OF PITTSBURGH
 NATIONAL ASSOCIATION



THE BANK THAT HAS GROWN UP WITH PITTSBURGH

CAPITAL,	=	=	=	\$2,400,000.00
SURPLUS,	=	=	=	\$2,700,000.00

OFFICERS

WILSON A. SHAW, President
 JOSEPH R. PAULL, Vice-President
 W. F. BICKEL, Cashier

J. M. RUSSELL, 1st. Asst. Cashier
 J. D. AYRES, Asst. Cashier
 W. L. JACK, Asst. Cashier

GEO. F. WRIGHT, Auditor

Business Relations with Conservatively Managed Banks Desired

NOTE—We shall be glad to hear from Indiana Bankers.

National Bank of Commerce

IN ST. LOUIS

Capital
Surplus
Profits

}

\$15,000,000

Deposits, \$50,000,000

BUSINESS SOLICITED AND LIBERAL TREATMENT PROMISED

Liberal Treatment

Prompt Service

Mellon National Bank

OF PITTSBURG, PA.

Capital	- - -	\$ 4,000,000
Surplus	- - -	1,500,000
Resources	- -	38,400,000

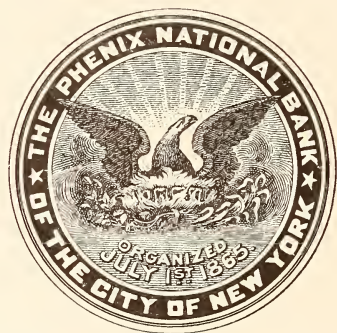
Makes collections on all points
in this country and abroad
through direct correspondents,
at lowest rates.

A. W. MELLON	. . .	President
R. B. MELLON	. . .	Vice-Pres.
A. C. KNOX	. . .	Vice-Pres.
W. S. MITCHELL	. . .	Cashier
B. W. LEWIS	. . .	Ass't Cashier
A. W. McELDOWNEY	. . .	Ass't Cashier
H. S. ZIMMERMAN	. . .	Ass't Cashier

Designated Depositary for the United States
and United States Disbursing Officers.

DEPOSITARY OF THE
UNITED STATES AND THE
CITY OF NEW YORK

Capital	- - -	\$1,000,000
Surplus and Profits	-	\$375,000



FINIS E. MARSHALL, President
AUGUST BELMONT, Vice-President
GEORGE M. COFFIN, Vice-President
ALFRED M. BULL, Cashier
BERT L. HASKINS, Ass't Cashier

Accounts of Banks, Bankers,
Firms and Individuals Accepted

YOURS SOLICITED

Blackford County Bank

HARTFORD CITY, INDIANA

Capital	=	=	=	\$75,000.00
Surplus and Profits	-			26,000.00

W. B. COOLEY, President

J. A. NEWBAUER, Vice-President

A. G. LUPTON, Cashier

J. S. HECKATHORN, Ass't Cashier

ALL BUSINESS INTRUSTED TO
US GIVEN CAREFUL ATTENTION

National Bank of North America

Incorporated 1851

43-49 Exchange Place New York

STATEMENT

At the Close of Business, Nov. 12th, 1906

RESOURCES.		LIABILITIES.	
Loans	\$13,358,566.46	Capital	\$ 2,000,000.00
U. S. Bonds	262,402.78	Surplus	2,000,000.00
Other Bonds & Stocks..	1,133,564.47	Undivided Profits....	197,786.73
Bank Building and		Circulation	249,000.00
Safe Deposit Vaults	1,242,000.00	Reserve for Taxes...	33,333.33
Cash and Exchanges.	9,954,605.33	Bonds Borrowed.....	200,000.00
Due from Banks.....	3,272,916.71	Deposits	24,543,935.69
	\$29,224,055.75		\$29,224,055.75

OFFICERS

ALFRED H. CURTIS.....	President
CHARLES W. MORSE.....	Vice-President
HENRY CHAPIN, JR.....	Vice-President
WALTER W. LEE.....	Vice-President
EDWARD B. WIRE.....	Cashier
J. FREDERICK SWEASY.....	Assistant Cashier
ADOLPH RADO.....	Assistant Cashier

DIRECTORS

John H. Flagler	William F. Havemeyer	Mahlon D. Thatcher
Charles W. Morse	Robert M. Thompson	Charles T. Barney
Charles M. Schwab	Alfred H. Curtis	John W. Gates

The Eliot National Bank

BOSTON, MASS.

Capital,	=	=	\$1,000,000
Surplus and Profits,			\$1,100,000
Deposits,	=	=	\$13,000,000

OFFICERS

HARRY L. BURRAGE, President	GARRARD COMLY, Vice-President
WM. J. MANDELL, Cashier	WM. F. EDLEFSON, Assistant Cashier
WM. P. BAILEY, Assistant Cashier	LOUIS HARVEY, Assistant Cashier

The CHASE NATIONAL BANK

of the City of New York

CLEARING HOUSE BUILDING

UNITED STATES DEPOSITARY

(November 12th, 1906.)

Capital	-	-	-	-	\$ 1,000,000
Surplus and Profits (Earned)					6,136,000
Deposits	-	-	-	-	64,029,000

A. B. HEPBURN, President
E. J. STALKER, Cashier
S. H. MILLER, Asst. Cashier

A. H. WIGGIN, Vice-President
C. C. SLADE, Asst. Cashier
H. K. TWITCHELL, Asst. Cashier

DIRECTORS

HENRY W. CANNON, Chairman	JAMES J. HILL, St. Paul, Minn.
GEORGE F. BAKER	A. BARTON HEPBURN
OLIVER H. PAYNE	JOHN I. WATERBURY
GRANT B. SCHLEY	ALBERT H. WIGGIN
GEORGE F. BAKER, JR.	

WE RECEIVE ACCOUNTS OF

Banks, Bankers, Corporations and Firms on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

FOREIGN EXCHANGE, DEPARTMENT

Bankers who examine the Victor
Solid Manganese Steel Screw
Door Bank Safe Buy No Other.



THE VICTOR SAFE & LOCK CO.

CINCINNATI, OHIO.

Write for Catalogue No. 30 B.

FIRST NATIONAL BANK OF PITTSBURGH

Capital, Surplus and Profits, \$3,508,997.94

Inland correspondents supplied with facilities for drawing their own drafts on foreign countries, issuing foreign money orders and transferring funds by cable.

Steamship tickets sold and berths reserved on all the prominent lines.

Credits established anywhere abroad for importers.

Letters of credit and traveler's checks supplied, available in any city in the world.

Makes collections at home and abroad and reports promptly.

Acts as registrar of stock certificates and transfer agent for corporations.

Possessing ample resources, is able to handle large monetary transactions.

Receives commercial accounts on the most favorable terms.

Pays interest on savings deposits, compounded quarterly, which may be sent by mail. No limit to the amount which may be withdrawn without notice.

Has a perfectly appointed Women's Department separate from the main banking room.

F. H. SKELDING, President.

F. H. RICHARD, Cashier.

THOS. WIGHTMAN, Vice-President.

J. L. DAWSON SPEER, Vice-Pres.

T. C. GRIGGS, Asst. Cashier.

DIRECTORS:—W. HARRY BROWN, Coal and Coke; JOHN D. CULBERTSON, Vice-President National Tube Co.; CHAS. DONNELLY, President Federal Coal & Coke Co.; JOHN W. GARLAND, President Garland Corporation; J. S. KUHN, President Pittsburg Bank for Savings; W. S. KUHN, President West Penn Railways Co.; WILSON MILLER, Capitalist; JAMES McCREA, First Vice-President Pennsylvania Lines West of Pittsburg and Director of the Pennsylvania Railroad Company; CHAS. A. PAINTER, of Scully, Painter & Beech, Bankers; F. L. ROBBINS, Chairman Pittsburg Coal Co.; F. H. SKELDING, President; J. L. DAWSON SPEER, of J. L. D. Speer & Co., Bankers; THOS. WIGHTMAN, President Thos. Wightman Glass Co.

FIFTH AVENUE and WOOD STREET

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Celluloided Index Guide for
Signature Cards.

Bank Systems Catalog
on Application.

INDIANAPOLIS OFFICE
208 American National Bank Bldg.

HANOVER NATIONAL BANK

OF THE
CITY OF NEW YORK

Capital, Surplus and Profits, November 12th,
1906 - - - - \$10,850,000.

JAMES T. WOODWARD, President,
ELMER E. WHITTAKER, Cashier.

CORRESPONDENCE SOLICITED.

The National Park Bank

OF NEW YORK

ORGANIZED 1856

Capital	-	-	-	\$ 3,000,000.00
Surplus and Profits	-			8,144,210.40
Deposits, November 12, 1906				95,785,964.26

RICHARD DELAFIELD

President

GILBERT G. THORNE
Vice-President

JOHN C. McKEON
Vice-President

JOHN C. VAN CLEAF
Vice-President

MAURICE H. EWER
Cashier

WILLIAM O. JONES
Ass't Cashier

WILLIAM A. MAIN
Ass't Cashier

FRED'K O. FOXCROFT
Ass't Cashier

DIRECTORS

JOSEPH T. MOORE
STUYVESANT FISH
GEORGE S. HART
CHARLES SCRIBNER
EDWARD C. HOYT
W. ROCKHILL POTTS
AUGUST BELMONT
RICHARD DELAFIELD

FRANCIS R. APPLETON
JOHN JACOB ASTOR
GEORGE FRED'K VIETOR
CORNELIUS VANDERBILT
ISAAC GUGGENHEIM
JOHN E. BORNE
LEWIS CASS LEDYARD
GILBERT G. THORNE

JOHN C. McKEON

Capital and Surplus - \$6,000,000.00

THE CONTINENTAL NATIONAL BANK OF CHICAGO

Deposits - - \$60,000,000.00

**Respectfully Solicits the Accounts of Banks, Bankers,
Corporations, Mercantile Firms and Individuals.**

OFFICERS

GEORGE M. REYNOLDS, President
ALEX. ROBERTSON, Vice-President
WM. G. SCHROEDER, Cashier
BENJ. S. MAYER, Ass't Cashier

HERMAN WALDECK, Ass't Cashier
F. H. ELMORE, Ass't Cashier
WILBUR HATTERY, Ass't Cashier
J. R. WASHBURN, Ass't Cashier

Ample Resources

Courteous Treatment

Superior Service

THE ORIENTAL BANK

OF NEW YORK

182-184 BROADWAY

Established 1853

BRANCH, BOWERY AND GRAND STREET

Capital, = = \$750,000

Surplus and Profits, \$1,000,000

R. W. JONES, Jr., President

NELSON G. AYRES, First Vice-President

LUDWIG NISSEN, Vice President

ERSKINE HEWITT, Vice President

CHARLES J. DAY, Vice President

GEO. W. ADAMS, Cashier

R. B. ESTERBROOK, Asst. Cashier

Your Account is Respectfully Solicited

The Commercial-Reporter

A Daily Financial and
Commercial Newspaper

PUBLISHES DAILY

¶ News pertaining to Indiana Banks
and Bankers.

¶ **Every up-to-date and pro-
gressive banker should read
The Commercial-Reporter.**

The only Paper of Its Kind Published

i n I n d i a n a

The Commercial-Reporter

American Central Life Building
Indianapolis

REAL SYSTEM—

BUSINESS
SHORT CUTS

NOT ITS SHADOW

—the kind that suits the practical business man and banker.

—the kind that is in continuous operation in 80 per cent. of Indiana's largest banks and trust companies and over 1,500 Indiana business offices.

ASK 'EM

Handling the largest line of bank and commercial system work in Indiana

J. O. COPELAND

BANK SPECIALIST, INDIANAPOLIS

Controlling Exclusively in Indiana

BAKER-VAWTER LOOSE LEAF SYSTEMS

GEO. C. BURKERT, Traveling Representative

IF—

a national concern doing a business of \$60,000,000 a year, in placing the largest single order ever placed (36 machines), selects the 1907 Model UNIVERSAL ADDING MACHINE (and that's what Sears-Roebuck & Co., Chicago, did---AFTER COMPETITIVE TRIAL).

THEN—

isn't it a business proposition for you to give us a thirty days FREE trial before purchasing?

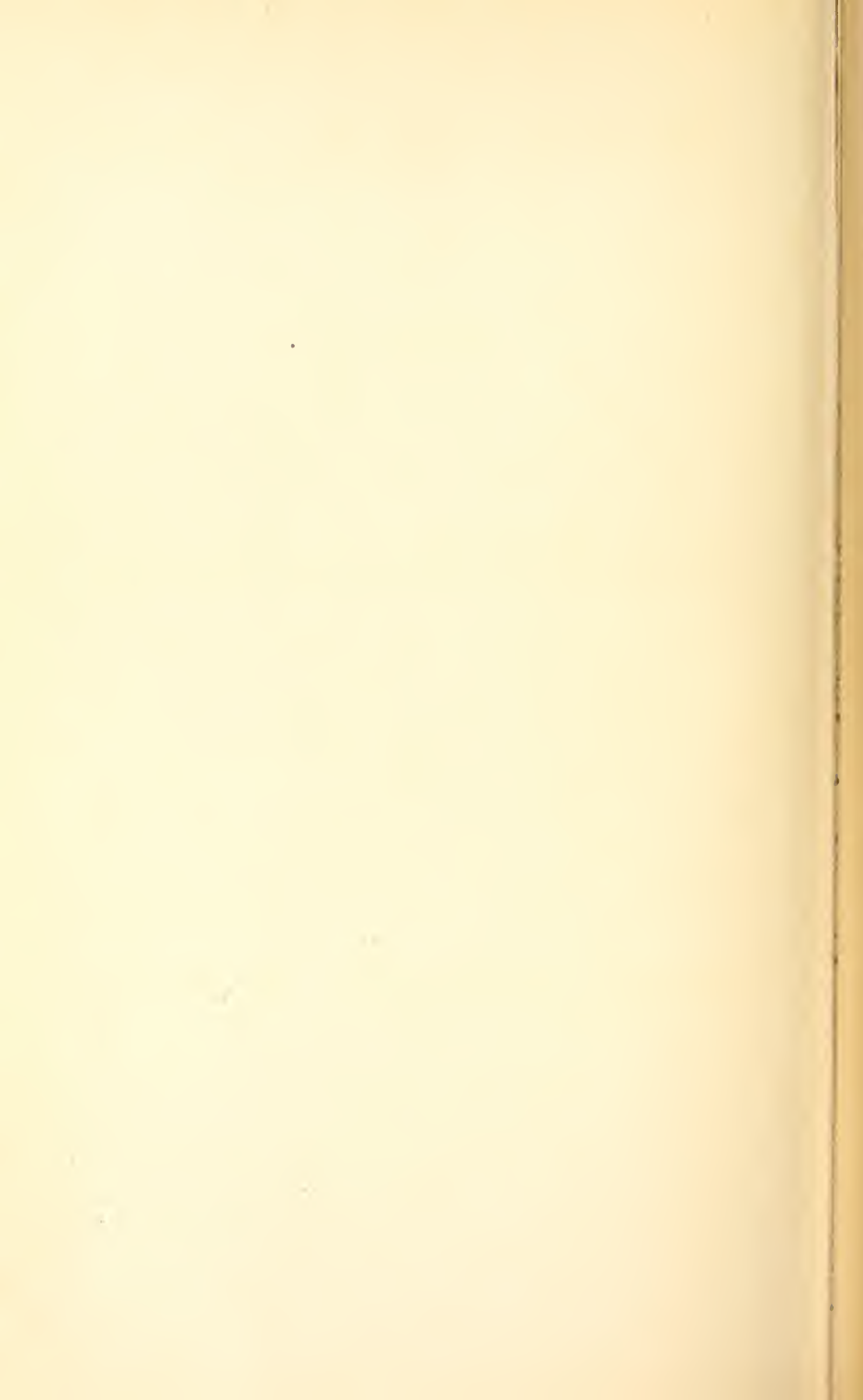
WRITE US

Regarding our 1907 model, hand or electric

UNIVERSAL ADDING MACHINE CO.

W. A. HARSHAW, State Manager, Indianapolis

REASONABLE ALLOWANCE FOR OTHER MACHINES IN PART TRADE



NEW BANKING LAWS

Enacted by the

Sixty-fifth Regular Session

of the

General Assembly of Indiana

1907

Depository Law

An Act concerning public funds, their deposit and safe-keeping, and the collection of interest thereon; creating boards of finance and defining their powers, duties and procedure, prescribing punishment for violations and prescribing when said act shall take effect, and repealing laws in conflict.—(Approved March 9, 1907.)

SECTION 1. Be it enacted by the General Assembly of the state of Indiana, That it shall be the duty of every public officer in this state who receives or disburses public funds, to keep a cash book wherein there shall be daily entered, by item, all receipts of public funds, which cash book shall be daily balanced, showing funds on hand at the close of each day: Provided, Said cash book shall be a public record and open to public inspection.

SEC. 2. After thirty (30) days from the taking effect of this act, all funds shall be paid into the state treasury by each state official handling public funds, and an itemized statement thereof shall be kept by said state official as provided for in section 1, and said state official shall make quarterly settlements with the auditor of state of such funds paid into the treasury, as provided for in this act.

SEC. 3. It shall be the duty of the state board of medical registration and examination, the Indiana board of pharmacy, the several boards of trustees of the several hospitals for the insane, the board of trustees of the Indiana state school for the deaf, the board of trustees of the Indiana school for the blind, the board of trustees of the Indiana school for feeble-minded youth, the board of trustees of the Indiana soldiers' and sailors' orphans' home, the board of trustees of the Indiana soldiers' home, the board of trustees of the Indiana state prison, the board of trustees of the Indiana reformatory, the board of trustees of the Indiana boys' school, the board of trustees of the Indiana girls' school, the board of the Indiana woman's prison, the board of trustees of the Indiana village for epileptics, the board of trustees of the hospital for treatment of tuberculosis, the board of control of the soldiers' and sailors' monument, or the secretary, superintendent, or other person having charge of such institutions, boards, schools, or offices, on the first Monday in each month to pay into the state treasury all funds in their possession due the state from receipts and earnings: Provided, That this section shall not prevent the sev-

eral boards and persons named herein having control of state funds from keeping on hand such working balance as may be directed by the state board of finance provided for herein.

SEC. 4. In all cases where it is not provided by law that any state officer, board, body or department, shall collect any fee for any service rendered, or examination had, and appropriate the fee so collected to pay the salary per diem, or the expenses of any state officer, board, body or department for rendering service or making examination, such fees shall be by such officer, board, body or department, paid into the state treasury as provided for in this act, and the salary, per diem and expenses on account of such services, shall be paid out of the state treasury upon an account duly filed and approved as is now provided by law. Such salary per diem and expenses, however, shall not be in excess of the fees so collected, and turned into the state treasury unless otherwise specifically provided.

SEC. 5. The governor of the state, the auditor of state, and the treasurer of state shall constitute a state board of finance, and shall have advisory supervision of the safe-keeping of all funds coming into the state treasury, and all other funds belonging to the state coming into the possession of any state board officer or state institution. Such board of finance shall have supervision of all the fiscal affairs of the state, including the state sinking funds. Such state board of finance shall meet, immediately after the taking effect of this act, in the office of the auditor of state, and organize by electing from their membership a president. The auditor of state shall be the secretary of said board of finance. The proceedings of such board shall be entered at length in a record to be provided for that purpose, and be approved and signed by the president of the board, and attested by the secretary. Such board of finance shall hold sessions whenever necessary to discharge its duties. Its sessions shall be public, and its records shall be kept in the office of the auditor of state and be subject to public inspection. The president of said board shall convene such board whenever requested so to do by one of its members, or whenever necessary to the performance of its duties. Such board may sue, and be sued in its name, in any action, and in any court having jurisdiction, whenever necessary to accomplish the purposes of this act. The treasurer of state shall be required to execute a bond with good and sufficient surety to be approved by the governor and auditor of state, which bond shall be in an amount to be fixed by said governor and auditor, not to exceed double the amount such treasurer may have in his hands and under his control, and conditioned upon the faithful performance of his duties as such treasurer and shall be in lieu of the bond now required by law.

SEC. 6. The board of county commissioners in each county in the state shall constitute a county board of finance. The members of such county board of finance shall immediately after the taking effect of this act, meet in the room of the board of county commissioners in the court house. The county auditor shall be the secretary of such county board of finance and a record of its proceedings shall be made. The meetings of such board shall be public and its records open to inspection. Such board may sue and be sued in its name, in any action, and in any court having jurisdiction whenever necessary to accomplish the purposes of this act: Provided, That in all counties in which the county treasurer is ex-officio treasurer of the city which is the county seat of such county, and is ex-officio treasurer of the school city or the board of school commissioners of such county seat city, the county board of finance shall consist of the board of commissioners of such county, the mayor and comptroller (if any), and the chief executive officer of such school city or such board of school commissioners of such county seat city. The auditor of such county shall act as secretary of such board and in case of a tie shall cast the deciding vote. The mayor shall preside but shall have the power to vote on all questions. When there is no comptroller in such city, such board shall consist of the other named officers as above set forth. In such counties such county board of finance shall be and is hereby constituted the board of finance to have charge and control under this act of the county funds, also of the funds of such county seat also of the funds of such school city or board of school commissioners in such county seat city.

SEC. 7. The county auditor shall be paid fifty dollars (\$50.00) per annum in addition to his regular salary, on account of the additional services required of him by this act, to be allowed by said board and to be paid out of the county treasury. The other members of the county board of finance shall serve without compensation other than their salary as county commissioners. Such board shall hold meetings whenever necessary in the discharge of its duties as such, and the county auditor shall convene such board whenever reason therefor exists or when requested so to do by one of its members. Said county board of finance shall have advisory supervision of the deposit of public funds of the county treasury as provided for in this act.

SEC. 8. The mayor and common council of each city, except such county seat cities as are mentioned in section 6 hereof, and the board of trustees of the several towns in this state, for the purposes of this act, shall be constituted boards of finance of such cities and towns respectively. The city clerks in each city, and the town clerk in each town, shall act as secretary of his respective board of finance: Provided, That in cities having a comptroller,

said comptroller shall be the secretary of said board of finance. The city and town boards of finance shall meet immediately after the taking effect of this act, and organize by electing a president of their respective boards, and a record thereof shall be made of their action. Said meetings shall be held at the usual place of holding meetings of the said city councils and town boards, which meeting shall be open to the public, and the record at all times, open to inspection. Such city and town boards of finance may sue and be sued in their names, as such, in any action, and in any court having jurisdiction, whenever necessary to accomplish the purposes of this act. The members of such boards shall serve without compensation, other than the salaries now allowed by law for their services as officers for said cities and towns. Such boards shall hold meetings whenever necessary to the discharge of their duties, and the secretaries thereof shall convene the same when requested so to do by any member of said board. Such boards of finance shall have advisory supervision of the safe-keeping and deposit of the public funds of their respective cities and towns.

SEC. 9. The boards of school commissioners of each school city in this state, having such, and the board of school trustees of each city in this state, having such, except those in such county seat cities as are mentioned in section 6 hereof, and the board of school trustees of each school town in this state, and the advisory board of each township in this state, for the purposes of this act are hereby constituted a board of finance for their respective corporation. The board of finance of the several townships, and the boards of finance of the several school cities and school towns of this state, shall meet immediately after the taking effect of this act, at their usual place of holding meetings in their respective cities, towns and townships. Said meetings shall be open to the public, and records thereof made, and each board shall organize by electing a president and secretary from its membership. Such several boards may sue and be sued in their names as such, in any court having jurisdiction, whenever necessary to accomplish the purposes of this act. The members of such boards shall serve without additional compensation, and meetings shall be held whenever necessary in the discharge of their duties. Said city and town school boards, and advisory boards of townships, acting as boards of finance for their respective school cities and school towns and townships, shall have advisory supervision of the safe-keeping and deposit of all public funds belonging to such school cities, school towns and to such townships and the several school townships.

SEC. 10. Immediately after the organization of said several boards of finance and the designation by them of public depositories, as by this act provided, the treasurer of state, the several county treasurers, the several city treasurers, the several town treasurers,

the several treasurers of the board of school commissioners, of the several school cities, the several treasurers of board of school trustees of school cities, the several treasurers of the board of trustees of school towns and the several township trustees, who receive, or have on hand any public funds by virtue of such office, and subject to deposit, shall make deposit of such funds in the depository or depositories selected by said boards of finance respectively, and file with the secretary of the said respective boards a verified statement of the funds deposited.

SEC. 11. No public funds shall be deposited in any bank, banking institution or trust company of this state, pursuant to the provisions of this act, unless such institution is subject by law to visitation and examination by the comptroller of currency of the United States government, through national bank examiners, or by the auditor of state through state bank examiners and until such depository has presented to said board of finance a personal bond executed by not less than five (5) freeholders of the State of Indiana, as security in a sum not less than twenty-five (25) per cent. greater than the maximum amount of the funds to be held on deposit at any one time, or has presented a surety company bond in a sum not less than the amount of funds to be so held at any one time, said bonds to be approved by the said respective boards of finance: Provided that the personal bond of any state depository shall be signed by not less than seven (7) freeholders of the state.

SEC. 12. The several banks and trust companies may, in lieu of a personal or surety company bond provided for in section 11 hereof, be designated as depositories upon the delivery to the state board of finance, or to the several boards of finance of counties, cities, towns, school cities and school towns, and townships, the bonds of any county of this state, or issued by any county of this state, for the improvement of roads, bonds of the United States, or bonds of the State of Indiana, for the full face value of the maximum amount to be deposited in any bank or trust company, which bonds shall be deposited with, and held by the auditor of state, or by the respective boards of finance of the counties, cities, towns, school cities, school towns, and townships as security for such deposits: Provided, that before such national, state, or county bonds, or other form of security are accepted by the several boards of finance, they shall determine the value and validity of said security tendered. Provided, further, that any bank or trust company may furnish the securities provided for in this section for any portion of the maximum amount to be deposited in it and may furnish the personal or surety company bond pursuant to section 11 hereof, for the remainder of such maximum amount.

SEC 13. If any board of finance fails or refuse to approve the bond or sureties of any such bank or trust company, the same

may be presented to the circuit or superior court in the county, or the judge thereof in vacation, which, after three (3) days' notice to the secretary of any such board of finance, shall proceed to hear and determine the sufficiency of such bond or security, and shall approve or disapprove the same as the facts warrant. Such court or the judge thereof in vacation shall also investigate the financial responsibility of any such bank or trust company and determine its fitness to be designated a depository of public funds. If such court or the judge thereof in vacation approves said bond or security, and finds said bank or trust company a proper institution to be entrusted with such funds, said bank or trust company shall be declared by such court or the judge thereof in vacation a public depository.

SEC. 14. Within ten days after the taking effect of this act, and twenty (20) days before the time set for the meeting of said several boards of finance, the secretaries of the said boards of finance created by this act, shall each publish a notice in two newspapers, representing the two leading political parties, in the event there are not two papers representing the two leading political parties the said notice may be published in newspapers other than political newspapers, printed and published in the county. Said notice shall invite proposals, to be filed with said several boards of finance on the date mentioned in such notice, proposing to receive public funds on deposit as provided for in this act.

SEC. 15. Any bank or trust company subject to examination by state or national authority, and having its place of business in this state, and doing business herein, which shall desire to receive public funds of the state on deposit, or any such bank or trust company within any county desiring to receive on deposit public funds of the county, or of any public corporation within the county, shall file with the respective board of finance on the day mentioned in such notice, its written proposal to receive a maximum sum of public funds on deposit, file the required security, and agree to pay interest on daily balances at the rate of two (2) per cent. per annum, and upon semi-annual time deposits, two and a half (2½) per cent. per annum, and upon annual time deposits, three (3) per cent. per annum: Provided, That all interest so earned be added respectively to the township fund of the township, general fund of the state, city and town, county funds of the county and to the tuition fund of the school city or school town, except in all cases interest on school funds shall be applied to tuition revenue: Provided, That any interest derived from the funds of a state educational institution shall be added to the fund from which it is derived.

SEC. 16. The boards of finance shall meet at the time and place fixed in said notice, and shall open such proposals and consider the same, and any bank, banks or trust companies within

the state tendering security as provided for in this act, and agreeing to pay the interest provided herein, shall be constituted depositories for public funds: Provided, That the commission of any depository may be revoked at any time, and an immediate accounting and settlement required by the board of finance under which it operates, for any cause deemed sufficient by such board of finance. Such depository, however, shall have the same right of appeal, and the circuit or superior court, or the judge thereof in vacation, the same jurisdiction to try and determine the case, as provided for appeals in section 13 hereof.

SEC. 17. The state board of finance shall establish and declare banks and trust companies depositories for state funds with reference to the convenience of officers and state institutions using them. When any board of finance has established a depository or depositories for public funds, and the secretary thereof shall attest and approve and accept said bank, banks or trust companies as depositories for public funds, and the secretary thereof shall attest said acceptance, and thereupon the notice, proposal, bond or securities, and acceptances, shall be recorded by the secretary as provided therefor in a book kept for that purpose. Such boards of finance in the acceptances executed by them shall fix the maximum amount of funds which shall at any time be placed on deposit in any such institution, and the attorney-general, upon the approval of this act, shall prepare forms of proposals, forms of bonds and forms of acceptances which shall be used and observed by the several boards of finance in the execution of this act. The first designation of public depositories pursuant to this act, shall remain effective until the first Monday in January, 1909. On the first Monday in January, 1909, and biennially thereafter, the several boards of finance created by this act shall designate public depositories for the ensuing two years and upon the terms and according to the regulations prescribed in this act, and after notice of their meeting shall have been given for twenty days by the secretaries thereof, as provided in section 14 of this act.

SEC. 18. The title of all collateral bonds deposited by any bank, banks or trust companies, to secure the deposit of public funds, as provided in this act, shall vest in the board of finance with which the same are deposited, for the use and benefit of the state, county, city, town, township or school corporation whose funds are secured thereby. There shall be entered on record in the records of such boards of finance, a list of the bonds so deposited, the date of deposit, and the date of release and surrender of the bonds so deposited. During the time that such bonds are so deposited, and while the funds that secure them remain unpaid and unaccounted for, such bonds so deposited shall not be negotiable or transferred either in writing or by delivery. All interest coupons

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accruing upon any such bonds while on deposit shall belong to and be delivered by the custodian thereof to the depository depositing the same, provided said depository is not in default in any of the public funds. If a collateral bond matures while the deposit continues, or if for any reason it becomes necessary to said depository to withdraw the collateral bond or security, the depository depositing the same shall be entitled to withdraw any such collateral bond, substituting therefor other collateral bonds to the approval of said board of finance. In case any depository defaults in the payment of any public funds so deposited, the collateral bonds so deposited shall be sold at public sale for cash, to the highest bidder, after thirty (30) days' notice of the time and place and terms of sale, which notice shall be given by publication in two newspapers of the county where the sale is to take place. The sale of said collateral bonds, for and on behalf of the state board of finance, shall be conducted by the auditor of state for and on behalf of the county board of finance by the county auditor, for and on behalf of the city, by the mayor and common council; for and on behalf of the town boards of finance, by the board of town trustees; for and on behalf of the township boards of finance, by the auditor of the county; for and on behalf of school city and school town boards of finance, by the trustees of such city or town school boards. And the funds realized from such sale shall be applied to the payment of the expenses of the sale, then the sum due from such depository, and the balance, if any, shall be turned over to such depository. The title of any collateral bonds so sold shall pass by delivery of said board of finance to the purchaser, and a record of such sale shall be made by the secretary of said board of finance: Provided, That if the collateral bonds shall not sell for a sum sufficient to pay the amount due by such depository, any balance unpaid shall be a claim against the assets of such depository.

SEC. 19. The state board of finance shall arrange for the deposit of all state funds held by state schools or educational institutions, and all funds held by any state institutions now authorized to keep public funds on hands, in banks or trust companies convenient to said officers or institutions, and said deposits shall be made in accordance with the provisions of this act, and such state board of finance is hereby authorized to adopt such rules and regulations concerning the safe keeping and deposit of such state funds as may become necessary to accomplish the purposes of this act. That in all settlements made by the several county treasurers of the state with the treasurer of state the treasurer of state shall accept from the county treasurers certificates of deposits issued by any authorized depository of any county in the state in payment of any settlement due the state on account of the common school fund collected by any county treasurer to an amount approximately equal

to the sum of money to be returned to any such county by the state on account of the common school distribution, which certificate of deposit shall be returned to the county in the settlement of any amount due said county on account of such distribution.

SEC. 20. Each depository in this state having public funds on deposit shall furnish to the board of finance, under which it operates, on the first day of each month, an itemized statement of the public funds in such depository, which statement shall be filed and carefully preserved in the office of the secretary of said board of finance, and all sums of interest accruing on the funds deposited as aforesaid shall be credited to the deposit accounts by said depository on the first day of each month for the preceding month, and the auditor of state, and each county auditor, shall charge the treasurers respectively with the amount of such interest and credit the same to the state or county. The city or town board of finance, school city or school town board of finance, and the township board of finance, shall make such settlements concerning interest accruing on public deposits with their treasurers and trustees under such rules and regulations as they may adopt: Provided that all checks drawn upon depositories shall be signed by officers authorized to sign the same in their official capacity: Provided further, That all funds paid out of the state treasury shall be by check of the state treasurer upon the warrant of the auditor of state.

SEC. 21. When two or more banks or trust companies in the same county, city, town or township propose to become depositories of the funds thereof, and offer the rate of interest provided for herein, it shall be the duty of the board of finance of such county, city, town or township to select, impartially, as many of such banks or trust companies for depositories as tender satisfactory security for such deposits: Provided, That the maximum amount of deposits to be made in any depository selected by one or more of the boards of finance created by this act shall not exceed the sum of five hundred thousand dollars (\$500,000): Provided, That the maximum sum to be deposited in the several depositories shall be awarded among the qualifying depositories in proportion to their capital stock. And Provided, That in the event the depositories qualifying under this act shall not be sufficient in number, the board of finance may in its discretion deposit in any one or more depositories more than the said sum of \$500,000: And Provided further, That all funds of city, town, township and school corporations shall be deposited in banks, banking institutions or trust companies, designated as public depositories, located within the respective limits of such cities, towns, townships or school corporations, if such there be which shall accept such deposits of funds on the terms herein provided. In case two or more banks or trust companies are designated as depositories, the board of finance shall require the officer

having charge of the funds to deposit and maintain the balances in each depository as nearly as practicable in proportion to the maximum sum awarded to such depositories, as provided in section 17 of this act.

SEC. 22. Every national banking corporation designated as a depository under the provisions of this act having funds on deposit as such, is hereby required to submit any published report or reports made to the comptroller of the currency relating to the financial condition of such association. The auditor of state may call for reports from any depository designated as such by any such board of finance whenever in his judgment the same is necessary in order to obtain full and complete knowledge of the condition of the public funds therein deposited.

SEC. 23. That in counties where only one bank or trust company is located, the board of finance shall designate such bank or trust company a depository without advertising: Provided, Such bank or trust company agrees to pay interest at the rates as provided for in this act, and give security as herein provided: Provided further, That in counties where there is no bank or trust company, or where no bank or trust company offers to accept public funds on deposit and comply with the requirements of this act, the board must designate some bank, banks or trust companies outside of such county, and within the state, as such depository or depositories.

SEC. 24. All public funds paid into the treasury of the state, counties, cities, and towns and school cities and school towns shall be deposited daily in one or more designated depositories in the name of the state, county, municipality, or school corporation by the officer having control thereof, except that the public funds collected by the secretary of state, auditor of state, attorney-general, clerk of the supreme court, chief oil inspector, commissioners of fisheries and game, or any state officer or board having an office in the state capitol building other than the treasurer of state, shall be deposited with the treasurer of state; all such state funds to be deposited on the day following the collection thereof, and the funds collected by the township trustee to be deposited in the public depository provided therefor, on or before the 1st and 15th days of each month: Provided, That all taxes collected by the county treasurer shall be deposited as one fund in the several depositories selected for the deposit of county funds, until the same is distributed at the following semi-annual distribution made by the county auditor. And no such officer shall draw any check upon any such depository for any purpose except for the payment of a warrant drawn by the auditor of state, or warrant or order drawn by the county auditor, or the proper officer of a city, town, school city or school town, or in payment of a legal claim against a township or school township,

and if any such officer or person mentioned herein shall fail so to deposit such funds, or deposit the same in any manner except in accordance with the provisions of this act, or shall draw any check contrary to the provisions of this act, (he) shall be deemed guilty of embezzlement of public funds and upon conviction shall be imprisoned in the state's prison not less than one year nor more than twenty years, and fined not to exceed one thousand (\$1,000) dollars, and may be removed from office under the proceedings authorized by law, and shall be liable upon his official bond for any loss or damage which may accrue: Provided, further, That if any public official charged with any other duty under this act shall knowingly fail to discharge and perform the same, or shall violate any of the provisions of this act, he shall upon conviction thereof be fined in any sum not less than \$50 nor more than \$1,000 and to it may be added imprisonment in the county jail for any period not less than thirty days nor more than six months. All the warrants and orders for the payment of public money, excepting state and township funds, shall be drawn by the proper officer upon the proper treasurer, and to each warrant and order when drawn may be attached a readily detachable slip showing the number, date, and amount, name of the payee, the purpose, the fund upon which it is drawn, and the name and office of the drawer, such warrants and orders shall be presented to the proper treasurer who shall detach and retain the slip, and stamp upon the warrant or order the name of the depository by which such warrant is ordered payable, and countersign the same, and no warrant or order shall be effective until so stamped and countersigned: Provided, however, that the said treasurer when any warrant or order shall be presented for stamping and countersigning may, after stamping and countersigning the same, for convenience of the person presenting the same, pay the amount thereof to such holder presenting the same and take an assignment by endorsement of such warrant or order and deposit the same in the proper depository in lieu of the cash so paid out to the holder of such warrant or order. All township warrants shall be drawn by the township trustee directly against a township depository.

SEC. 25. When the public funds of the state, county, city, town, township, or school corporation are deposited by the officers having control thereof, as provided herein, such officer and his bondsmen shall be exempted from all liability thereon by reason of loss of any such funds from failure, bankruptcy, or any other act, of any such depository or depositories, to the extent of the funds in the hands of any such depository or depositories at the time of such failure or bankruptcy: Provided, This act shall be in effect and full force on and after December 1st, 1907.

SEC. 26. All laws and parts of laws in conflict with the provisions of this act are hereby repealed.

Bank Taxation Law

An Act concerning taxation. (House Bill 529, approved, March 12, 1907.)

SEC. 1. Be it enacted by the General Assembly of the State of Indiana, That the shares of capital or capital stock of any bank, banking association or trust company located within this state, whether organized under the laws of this state or the United States, or of any other state or country, shall be assessed to the owner thereof in the township, city or town where such bank, banking association or trust company is located and shall be taxed at the rate as other property in the same locality is taxed and with reference to its value on the first day of March of the current year.

SEC. 2. The shares of stock or membership shares or certificates of stock in any bank owned and operated by any individual, partnership or unincorporated association within the State of Indiana shall be assessed to the owner of such shares in accordance with the provisions in section 1 of this act.

SEC. 3. The president, cashier or other accounting officer of any bank, banking association or trust company or individual, partnership or unincorporated association, shall between the first day of March and the twenty-fifth day of March of each year make out a statement under oath, in duplicate, showing the number of shares, certificates of capital or capital stock of such bank, banking association or trust company, or individual, partnership or unincorporated association, the name and residence of each stockholder or shareholder with the number of shares owned by such stockholder or shareholder in such bank, banking association or trust company, and shall affix what he deems the true cash value of each of said shares and also the true cash value of the entire capital or capital stock of such bank, banking association or trust company, or individual, partnership or unincorporated association as of the first day of March, and shall deliver said statements to the auditor of the county wherein such bank, banking association, trust company, or individual, partnership or unincorporated association is located, and said county auditor upon the meeting of the county board of review shall lay such statement before said board of review, who shall thereon value and assess the capital or capital stock of such bank, banking association, or

trust company, individual, partnership or unincorporated association as provided for in this section, in all respects the same as similar property belonging to other corporations and individuals, and whenever any such bank, banking association or trust company shall have acquired real estate, the assessed value of such real estate shall be deducted from the valuation of the capital or capital stock of such bank, banking association, or trust company. In making such statement of the true cash value of such shares, the credits shall be given and the bona fide indebtedness of such banks, banking associations or trust companies deducted therefrom as in case of individuals. The county board of review shall determine and settle the true cash value of each share of stock after an examination of such statement and also an examination under oath of such officer, if it is deemed necessary, and in determining and fixing the true cash value of each of said shares of stock, it shall take into consideration the capital, surplus, undivided and individual profits, if any, just as it would with respect to other moneyed capital in the hands of individual citizens of the state.

SEC. 4. In the case of the failure or the refusal of the president, cashier or other proper accounting officer of such bank, banking association or trust company or individual, partnership or unincorporated association to make and return such duplicate statements within the time aforesaid, the auditor of the proper county shall summon such officer to appear forthwith before him with the books of such bank, banking association or trust company, or individual, partnership or unincorporated association, and said auditor is hereby empowered to compel the attendance of said officers in obedience to such summons and to examine them under oath, and make such investigation at the expense of such bank, banking association or trust company, or individual, partnership or unincorporated association, as may enable him to obtain the information provided for in the preceding section.

SEC. 5. It shall be the duty of every such bank, banking association or trust company, individual, partnership or unincorporated association, or the managing officer or officers thereof, after being notified in writing to do so by the county treasurer, to retain so much of any dividend or dividends belonging to such stockholders, as shall be necessary to pay any tax levied upon their shares respectively, until it shall be made to appear to such bank, banking association or trust company, or individual, partnership or unincorporated association, or its officers, that such taxes have been paid, and any officer of any such bank, banking association or trust company or individual, partnership or unincorporated association who shall pay over, or authorize the paying over, of any such dividend or dividends, or any portion thereof contrary to the provisions of this section, shall thereby become liable for such tax, or

the bank, banking association or trust company, or individual, partnership or unincorporated association may pay the tax due from any of its shareholders, and retain the amount thereof from any subsequent dividends.

SEC. 6. Sections 62 and 65 of an act entitled "An act concerning taxation repealing all laws in conflict therewith and declaring an emergency," and approved March 6th, 1891, and section 1 of an act entitled "An act to amend section 60 of an act entitled, "An act concerning taxation to repeal all laws in conflict therewith, and declaring an emergency," and approved March 6, 1891, and approved March 9, 1903, and sections 9 and 27 of an act entitled, "An act to amend sections 8, 9, 10, 20, 33, 36, 48, 52, 60, 61, 64, 72, 73, 76, 77, 81, 89, 90, 93, 105, 109, 151, 153, 172, 173 and 226 of an act entitled 'An act concerning taxation repealing all laws in conflict therewith, and declaring an emergency and approved March 6, 1891, " etc., and approved February 25, 1903, and sections 1 and 2 of an act entitled "An act to provide for the assessment for taxation of the stock of banks organized under the laws of the United States and declaring an emergency," and approved February 28, 1905, are hereby repealed.

SEC. 7. Whereas an emergency exists for the immediate taking effect of this act, the same shall be in force and effect from and after its passage.

Private Banking Law

An Act to regulate and supervise the business of banking by individuals, partnerships or unincorporated persons. (Approved March 8, 1907.)

SEC. 1. Be it enacted by the General Assembly of the State of Indiana, That every partnership, firm or individual transacting a banking business within this state, or using the word bank, banker, or banking in connection with his or its business, shall be subject to the provisions of this act.

SEC. 2. It shall be unlawful for any partnership, firm or individual to transact a banking business in this state, or to advertise as a banker unless said partnership, firm or individual has at least ten thousand (\$10,000.00) dollars of cash capital invested in well secured notes in state or municipal bonds, or in bank building, furniture and fixtures, and shall be set apart for the security of the creditors of said bank: Provided, That not more than one-third of the capital of such firm, partnership, or individual shall be invested in real estate: And Provided further, That if such firm, partnership or individual shall have any part of the capital invested in real estate, such real estate shall be conveyed to the bank in the name thereof, by a legally executed deed duly signed and acknowledged by the members of such partnership, firm or individual and their respective wives, giving a particular description of the real estate and its true value and conveying a good and sufficient fee simple title, and which deed shall be duly recorded within the time provided by law for the recording of deeds, in the recorder's office of the county where the land is situated, and a copy thereof filed with the auditor of state: Provided, That no part of the capital, surplus or undivided profits of said bank, except as aforesaid, may be invested in real estate, except it be taken in settlement of a doubtful claim, or purchased at judicial sale on a judgment or a decree of foreclosure in favor of said bank; and when so taken, it must be by deed made to such; and the president and cashier of such bank are hereby empowered and authorized to execute good and sufficient deed or deeds therefor, in the name of such bank, upon proper order made therefor by the board of directors of such bank. All mortgages held by or to secure money loaned by the bank shall be satisfied of record upon the payment thereof, by a re-

lease or satisfaction, of mortgage executed in the hands of the bank by its president, vice-president or cashier.

The capital stock of any such banking association may be increased by an agreement in writing signed by partners or shareholders, holding two-thirds of its capital stock and paying into the bank in money the amount of said increase, which amount, and a certificate by a cashier or manager of said bank of such payment, shall, within five days thereafter, be filed with the auditor of state. Its capital stock may be decreased, but at no time below ten thousand (\$10,000.00) dollars, upon written petition of its partners or stockholders holding two-thirds of its capital stock, filed with the auditor of state, who after examination of the affairs of said banking partnership or individual bank shall consent or refuse said petition as to him shall seem best, and such consent shall be indorsed upon said petition, and notice of such reduction of capital stock shall immediately be given for thirty (30) days in some newspaper published in the town where said bank is located, or if none such is published in the town then in one published at the county seat.

SEC. 3. Every partnership, firm or individual desiring to transact a banking business in this state shall, under oath, file with the auditor of state a full, complete and detailed statement of:

First. The name of the bank.

Second. A copy of the articles of copartnership and agreement if a copartnership under which the business of the bank is being, or is to be conducted, which shall be executed and acknowledged by all the parties interested therein, and at least one of whom shall be at all times a resident of the State of Indiana. If a banking business is being or is to be transacted or carried on by an individual, such individual shall at all times, while in such banking business, be a resident of the State of Indiana, and the statement herein required shall so show.

Third. The county and city or town in which the bank is to be located and the business carried on.

Fourth. The amount of the capital paid into the business and to be kept and maintained at all times in the business.

Fifth. That the aggregate responsibility and net worth of the individual members of such firm, partnership or individual equal to an amount at least double the amount of the capital paid into such bank as herein provided.

Sixth. The names of the officers who are to manage the business of said bank.

Every partnership, firm or individual engaged in the banking business at the time of the passage of this act and who has complied with section three (3) of the act of March 4, 1905, shall not be required to file the statement required by this section.

SEC. 4. Each individual, partnership or firm desiring to transact a banking business in this state shall issue certificates of stock to the respective individual or individuals forming said partnership, in an amount equal to the capital of said bank, which certificate of stock shall be deemed and considered the capital stock of such bank, and the said bank in making any statement of the liabilities and assets of said bank, give the amount of its capital stock, its surplus and individual profits as items thereof.

SEC. 5. Whenever, after the filing of the statement provided in section three (3) of this act and the payment to the auditor of state a fee of one-tenth of one per cent. of such capital stock, and the filing with the auditor of state, the oath of some member of the partnership, firm or individual, that the capital has been paid in as provided for and in compliance with section three (3) of this act, then the state auditor shall, without unnecessary delay, issue to such partnership, firm or individual, a certificate authorizing such partnership, firm or individual to transact a banking business.

SEC. 6. There shall be posted in the room of every bank doing business under the provisions of this act, and in plain view of its customers, a printed list of all the owners of, and parties interested in, such bank, and the statement that this is a private bank. Should the interest of any member of such partnership or firm, or of an individual doing a banking business under the provisions of this act, change, either by death, devise, sale or otherwise, then, and in that case, the auditor of state shall be notified of such change and the printed notice in the room of any such bank as herein provided shall be changed accordingly.

SEC. 7. Every partnership, firm or individual transacting a banking business under the provisions of this act shall make to the auditor of state two reports during each and every year according to the form which may be prescribed by him, verified by the oath or affirmation of the president, cashier or other managing agent of such bank, which report shall exhibit in detail the resources and liabilities of the bank at the close of business on any past day to be by him specified; and shall transmit such report to the said auditor within five days after the receipt of a request or requisition therefor from him, at the same time that each of the above reports is made to the auditor of state, verified reports, according to a form prescribed by the said auditor, which form shall be as nearly as possible like that now or hereafter to be required of banks incorporated under the laws of Indiana, shall be published, at the expense of the bank, in a newspaper published in the place where said bank is located, or if there be no newspaper in the place where said bank is located, the one published nearest thereto, in the same or adjoining county. And the said auditor shall have power

to call for special reports from any particular bank whenever, in his judgment, the same shall be necessary, in order to arrive at a full and complete knowledge of its condition. In no reports filed under this section shall the real or personal property of an individual or individuals owning said bank, except the title is in the bank, be permitted as an asset. Any bank failing to make and transmit and publish any such report required by this section, within five days after the request is made therefor, shall be subject to a penalty of not less than one hundred dollars, or more than five hundred dollars, to be recovered in any court having jurisdiction in an action to be instituted by the auditor of state on the relation of the State of Indiana, and when so recovered shall be placed in the common school fund of the county where such bank is located.

SEC. 8. The auditor of state, once in twelve months, or as often as he deems it necessary, shall appoint a suitable person, or persons, to make examination of the affairs of every bank under this act, which person shall not be an officer in any bank whose affairs he shall be appointed to examine or an officer of any bank coming within the purview of this act, and who shall have power to make a thorough examination into all the affairs of the bank, and, in doing so, to examine any of the officers and agents thereof on oath; and if such bank, or its owners be in an insolvent, or failing condition, or if the assets thereof are being wasted or improperly used or converted, then, in any of these events, said examiner shall at once notify said auditor of state, and if the owners are unable to satisfy said auditor that they can make good the assets of said bank, said auditor of state shall thereupon direct said examiner, or some other person appointed by him at once to take charge and control of said bank and all the books, notes, cash on hand and other assets, and said auditor of state shall, upon five days' notice being given to the cashier of said bank, thereafter make application to the judge of the circuit court, or superior court of the county where such bank is situated, either during the term time or in vacation, for the appointment of a receiver to take charge of said bank. Notice of such application shall be given to the individual owner, or partners of said bank, or of any one of them, by service of notice thereon, for ten days, or if any person upon whom notice should be served cannot be found in the state, then by publication as directed by the judge of said court. Should any such bank fail or suspend between the periods of examination herein authorized it shall be the duty of the president or cashier of said bank immediately to notify the auditor of state of such failure or suspension, and said auditor of state shall thereupon appoint some person to take charge of the assets of said bank pending application for an appointment of a receiver as herein provided for. Such person so appointed to take charge of the assets of any such

bank shall receive such compensation as may be allowed him by the court having jurisdiction over the receiver appointed. Said examiner shall make full and detailed report of the condition of the bank to the auditor, and the bank shall not be subject to any other visitatorial powers than such as are authorized by this act, except such as are vested in the several courts of this state. Examiners so appointed to examine said banks shall receive compensation for the services as follows: For examining banks having assets less than \$100,000, ten dollars; those having assets of \$100,000, and less than \$200,000, fifteen dollars; those having assets of \$200,000 and less than \$500,000, twenty dollars; those having assets of \$500,000 and less than \$700,000, twenty-five dollars; those having assets of \$700,000 and less than \$1,000,000, thirty dollars; those having assets of over \$1,000,000, thirty-five dollars, which amounts shall be assessed by the auditor of state upon and paid by the respective banks so examined, and when collected be paid to the proper examiner: Provided, however, that all examinations in excess of one in each twelve months shall be made at the expense of the state. A failure to pay such assessment on notice shall be cause for the appointment of a receiver of the bank in default. The auditor shall also assess all expenses and outlays incident to taking and holding possession of a bank as herein provided, including ten dollars per day for the services of the examiner in charge thereof, to be paid before any distribution of the assets of the bank and paid by the receiver as assessed by the auditor of state on the order of the court.

SEC. 9. Any person, firm, or co-partnership violating any of the provisions of this act shall be fined in any sum not exceeding one thousand dollars, to which may be added for the second offense imprisonment for any term not exceeding two years.

SEC. 10. Should any bank organized under the provisions of this act, or any owner, or owners thereof, hold any property in trust for another, the fact of such trust, the general nature and character thereof, the acceptance of the same and the amount so held shall be set forth in an instrument to be executed by the trustee and acknowledged by him before a notary public. Within fifteen days after the execution of such an instrument it shall be recorded in the office of the county recorder of the county in which such bank is situated. Within thirty days thereafter the original instrument, together with the certificate of the county recorder, showing that it has been duly recorded, shall be filed with the auditor of state with a record fee of one dollar for the state. Should such instrument not be so recorded and filed and such bank should be wound up, either voluntarily or involuntarily, then the property so held in trust shall be considered a part of

the assets of such bank, provided the remaining assets are not sufficient to pay in full the bona fide claims of all depositors. Until such claims are paid in full all persons shall be estopped from asserting, as against such depositors, any right, title, or interest in and to the property so held in trust: Provided, however, That no forfeiture of the property herein provided for shall be taken to excuse any such bank or owner or owners thereof from any penalty hereinbefore fixed.

SEC. 11. The depositors in any such bank shall have a first lien on the assets of such bank in case it is wound up, to the amount of their several deposits. And for any balance remaining unpaid, such depositors shall share in the general assets of the owner or owners, alike, with general creditors.

SEC. 12. Any bank organized and doing business under the provisions of this act shall have the right to sue, and be sued, under the name under which such bank is authorized to transact its business. Service of summons or other process of court upon the officer or agent in charge of the business of such bank shall be good and sufficient service to give the court jurisdiction, and any judgment obtained against such bank shall be valid and binding against all the persons interested therein.

SEC. 13. No bank organized under the provisions of this act, nor any of its officers acting for it, shall loan any of the funds of said bank in any amount exceeding thirty (30) per cent. of the capital stock of said bank to any officer or officers thereof.

SEC. 14. Should the auditor of state make application for the appointment of a receiver for such bank, as in this act provided, the owner or owners thereof may, before the granting of such application, and the appointment of a receiver, stay the appointment thereof, or within five days after the appointment of a receiver, abate such appointment, by filing with the court, or judge, before whom such application is pending, or that appointed such receiver, a bond with sufficient surety to be approved by the court, or judge, conditioned that such owner or owners would within twelve months thereafter pay each depositor of said bank in full.

SEC. 15. Any bank organized under the provisions of this act may, upon petition of its owners holding eighty (80) per cent. of its capital, go into voluntary liquidation. Said petition shall be presented to the court, or judge, or the circuit court in which said bank is situated, and if said court or judge shall find that said bank and its owners have set apart sufficient assets to pay its depositors in full, the court or judge shall appoint a trustee to whom said assets shall be transferred. Said trustee shall give a bond for the faithful performance of his duties and shall proceed at once, under the direction of the court or judge, to convert the assets into money and pay the debts. He shall as often

as he has sufficient money to pay ten (10) per cent. or more dividend, distribute the same, and for his services the court or judge shall allow him such compensation as he shall deem to be just.

SEC. 16. The provisions of this act shall not go into force until the first day of December, 1907. Until that date the act approved March 4, 1905, shall be considered to be in full force and effect.



